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Glenn E. Tynan – Chief Financial Officer & Vice President

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MANAGEMENT DISCUSSION SECTION

Operator: Good day, ladies and gentlemen, and thank you for standing by. Welcome to the Curtiss-Wright Second Quarter 2011 Financial Results Conference Call. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session and instructions will follow at that time. [Operator Instructions] As a reminder, this conference is being recorded.

I would now like to introduce our host for today, Mr. Martin Benante, Chairman and CEO. Sir, please go ahead.

Martin R. Benante, Chairman & Chief Executive Officer

Well, thanks, Karen, and good morning, everyone. Welcome to our second quarter 2011 earnings conference call. Joining me today is Mr. Glenn Tynan, our CFO, who'll begin our forum today. As you will see this morning, we believe our second quarter performance and our future outlook gives further evidence to underscore our confidence that Curtiss-Wright is well- positioned to generate long-term shareholder value. Glenn.

Glenn E. Tynan, Chief Financial Officer & Vice President

Thank you, Marty. Our call today is being webcast and the press release, as well as the copy of today's financial presentation are available for download through the Investor Relations section of our company Web site at www.curtisswright.com. A replay of this call also can be found on the Web site.

Please note today's discussion will include certain projections and statements that are forward-looking as defined in the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and are not guarantees of future performance. Forward-looking statements always involve risks and uncertainties, and we will detail those risks and uncertainties in our public filings with the SEC.

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For our agenda today, I will provide you with an overview of Curtiss-Wright's 2011 second quarter performance, followed by Marty who will discuss our strategic markets, including recent news in our power generation market and open the call for questions.

We are pleased to report that Curtiss-Wright delivered a solid performance, as our profit again grew faster than our sales. In the second quarter, operating income was up a solid 19% on an 11% increase in sales. We had very strong sales growth in our defense markets, up 11% as well solid performance in our commercial markets, up 12%. Recall from our May Investor Day where we indicated that our defense business is uniquely positioned to benefit from areas of the defense budget that are expected to grow in future years, for example, on ISR and UAVs, and we intend to continue to grow this portion of our business faster than our peers.

Our operating margin expanded 60 basis points overall to 10% and grew 140 basis points to 10.8%, excluding the negative impacts of foreign currency translation and acquisitions. We also produced solid diluted earnings per share growth of 21% over the prior-year period.

Overall, our results reflected continued benefits of our ongoing cost reduction and restructuring initiatives implemented across the company, many of which were presented at our May Investor Day.

We also experienced solid new order activity, primarily in our power generation market for equipment to support the safety and reliability of existing nuclear operating reactors, and also in oil and gas due to increased demand for MRO [Maintenance, Repair, Overhaul] products and super vessels. We're very encouraged by these positive trends experienced in both markets.

Looking deeper into our second quarter results, segment operating income rose 12%, while segment operating margin was 10.8%, up slightly from the prior year. Excluding acquisitions and FX, organic segment operating margin was 11.6%, an improvement of 90 basis points from the prior year. In addition, corporate costs were lower by $2 million.

We also ended the quarter with a strong backlog of approximately $1.7 billion due to solid growth in new orders of 10% year to date. Our backlog at quarter end was split approximately 70% in Flow Control and 30% in Motion Control.

Moving to our segments, Flow Control produced solid sales and profitability, primarily due to the higher demand in our naval defense, power generation, and general industrial markets. In addition, the April 2011 acquisition of Douglas Equipment Limited accounted for nearly $6 million in sales in the second quarter.

Operating margin improved by 10 basis points overall and 50 basis points organically compared to the prior-year period due to the aforementioned increase in sales along with benefits resulting from our ongoing cost reduction and restructuring programs. Both our current and prior-year financial results were negatively impacted by costs associated with the consolidation of our oil and gas businesses in Houston and unanticipated costs relative to strategic investments in the AP1000 program.

Next, we'll turn to Motion Control, which also produced a solid quarter overall, led by strong double-digit gains in the commercial aerospace and defense markets. Sales growth in this segment was favorably impacted by $4 million of foreign currency translation and $2 million from the first quarter acquisition of PSI. A key component of the profitability performance in Motion Control was the unfavorable impact of foreign currency translation, as it reduced the segment's operating income by nearly $2 million and operating margin by 120 basis points to 10.7% in the quarter.

Excluding FX and acquisitions, operating income grew 13% on a 7% sales increase and operating margin improved 60 basis points overall to 12.4%. This solid improvement was achieved from the

higher sales volumes and our ongoing cost reduction and restructuring initiatives. In addition, yesterday we announced the acquisition of ACRA Control Limited, a leading supplier of data acquisition systems for the global aerospace and defense markets. We expect this business to add approximately $13 million in additional sales to this segment in 2011.

Moving on to Metal Treatment, which followed up a strong first quarter with a solid second quarter, this segment benefited from increased demand and higher sales volumes due to the improving global economy across all major lines of business, with strong increases in the commercial aerospace and general industrial markets. In addition, the April 2011 acquisition of BASF Surface Technologies added approximately $7 million in sales in the second quarter. Metal Treatment produced a solid operating margin of 14.5% in the second quarter, an increase of 270 basis points from the prior year.

Please keep in mind that despite the solid sales growth in this segment, we have invested in several new facilities in the past 24 months. And it usually takes at least two years before we'll begin to see measurable increases in operating income and margin from these strategic investments.

We also recently announced the acquisition of IMR Test Labs, a leading provider of mechanical and metallurgical testing services for the aerospace, power generation, and general industrial markets. We expect this business to add approximately $7 million in additional sales to this segment in 2011.

Next, I'll discuss our overall end markets. And please note that the percentages that you see in the pie chart on this slide relate to the second quarter 2011 sales for each of our end markets. For the second quarter, our commercial markets grew 12%, while our defense markets increased 11%. Performance in defense was solid, as we saw strength across all of our defense markets. We continue to believe that we offer a strong and balanced defense portfolio, and will benefit from the programs targeted for growth in the top line defense budget.

As we said during our Investor Day, our defense business is expected to show healthy growth. And we currently project our overall sales from defense to grow 5% to 7% in 2011, well above the overall top line defense growth forecasted by the DOD.

We will begin with our aerospace defense market, which had solid sales growth over the prior-year quarter, most notably for increased sales on the V-22 Osprey and P-8 Poseidon programs, higher sales from ISR applications on helicopter programs such as the Blackhawk, and a pickup in JSF sales. We achieved this growth despite the winding down of the F-22 program and nearly flat year-over-year sales on the Global Hawk, as this program moved from development to production.

Overall, we are projecting sales to grow 7% to 9% in our aerospace and defense market in 2011, which is an increase from our previous guidance of 1% to 3% growth, primarily due to increased organic sales, as well as the expected contribution from the acquisition of ACRA Control Limited.

Next, to ground defense, where we experienced higher sales of turret drive systems to international customers in the second quarter; we also saw a slight pickup in sales on the Abrams and Stryker programs. This performance was somewhat offset, as expected, by weaker year-over-year sales on the Bradley program and the winding down of the FCS program. Overall, we're projecting 8% to 10% sales growth in our ground defense market in 2011, unchanged from our prior guidance.

Next, we will look at naval defense, where our performance was primarily led by sales on Virginia class submarines, supporting the ramp-up and production from one to two subs per year, as well as several spares orders for pumps and generators. We're also seeing solid growth in production on the Advanced Arresting Gear program. Overall, we're projecting 3% to 5% sales growth in our naval defense market in 2011, unchanged from our prior guidance.

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We are clearly benefiting from the ramp-up in the commercial aerospace market. Our commercial aerospace business had a strong second quarter that led all of our end markets, due to solid growth in both our Motion Control and Metal Treatment segments.

For Boeing, we saw increased sales on the 747, 777, and 787 platforms and across all platforms for Airbus. Sales to regional jet market also showed a marked improvement. We are now projecting sales in our commercial aerospace market to grow 26% to 28% in 2011, which is an increase from the previous guidance of 18% to 20% growth, primarily due to the acquisition of ACRA Control, as well as a reclassification of our BASF acquisition sales, primarily from the general industrial market.

In our oil and gas market, we saw a solid increase in demand for our MRO business for domestic refineries, along with increased orders for super vessels coming from our new facility in Cedar Crossing, Texas. However, our business supporting large capital projects continues to be soft, primarily internationally. We are pleased to report that our Q2 sales increased 13% sequentially from our low point in Q1. And we see this positive trend continuing through the second half of 2011 and into 2012.

For the full year 2011, we see modest growth in both the U.S. refinery-related MRO products and large super vessels in the second half which represent approximately 40% of our current oil and gas business. This will be partially offset by the continued delay in large global capital projects, which currently represent the larger portion of our oil and gas business. As a result of the recent sale of our legacy Valve distribution business, we have lowered our 2011 sales forecast from 1% to 3% growth down to a decline of 3% to 5%.

Next, we'll turn to our power generation market, which benefited from the timing of revenue on domestic AP1000 projects as well as solid aftermarket sales for pumps and valves on existing operating reactors. On the heels of the Fukushima incident and the recently issued 90-day report from the U.S. NRC, our orders are up substantially in this market, which Marty will discuss in more detail in a few minutes.

For new build opportunities, we still expect our revenues to be more weighted to international sales in 2011, as resources slowly shift from the China AP1000 project due to the ramp-up on the U.S. projects in 2012. For 2011, we are increasing our sales projection in our power generation market to 6% to 8% growth from our previous guidance of 1% to 2%, primarily due to solid organic growth from the recent orders supporting existing nuclear operating reactors.

Lastly, we'll turn to our general industrial market, which produced a solid second quarter based on improving economic conditions, higher volumes and overall stronger demand for metal treatment services. In addition, sales to the commercial HVAC and automotive industries were particularly strong, both domestically and internationally.

For 2011, we are adjusting our projected sales in our general industrial market from our previous guidance of 19% to 21% growth down to 10% to 12% growth due to a reclassification of our BASF acquisition sales, primarily to the commercial aerospace market. This correction is not a reflection of reduced demand within our general industrial market. Our revised guidance also includes the expected contribution from the recent acquisition of IMR Test Labs.

Given our current outlook, as just discussed, we've increased our sales projections to grow 5% to 7% overall in defense above our previous guidance of 3% to 5% provided at our Investor Day and also raised our expectation to grow 9% to 11% in commercial, up from 8% to 10% previously, due to the improved outlook in the power generation business.

Summing up, based on our rationale and expectations across all of our end markets, along with the recently announced transactions, we've increased our expectations for total Curtiss-Wright sales

growth of 7% to 9%, up from our previous guidance of 6% to 8%. This overall increase in our sales guidance of $20 million is equally split between organic growth and the recently announced M&A transaction.

Let me now walk you through our guidance for each of our three segments. Starting with Flow Control, there is no overall change to our sales guidance. However, we increased net organic sales by $10 million, due to strong new orders and increased demand in power generation. However, this was offset by lower sales in the oil and gas due to the sale of our VSC legacy distribution business. Flow Control's operating margins were lowered 20 basis points to a range of 10.5% to 10.7%, which reflects unanticipated cost relative to strategic investments in support of the AP1000 program.

Our sales and operating income guidance for Motion Control have been updated to reflect the recent acquisition of ACRA, which is expected to add $13 million in sales, but is expected to be $2.5 million dilutive to operating income, causing an approximately 50 basis point reduction in operating margin from our previous guidance. We expect the strong operational improvements and benefits from our cost reduction and restructuring programs to continue in the second half of the year, but these improvements are likely to be offset by unfavorable foreign currency translation, which is estimated to be an additional $2 million in the second half of the year.

The sales guidance for our Metal Treatment segment has been increased to reflect the recent acquisition of IMR Test Labs and our operating income and operating margins have been raised to reflect the better than expected operational performance. We have increased the operating margin to between 14.5% and 15% for the full year. And finally, we have reduced our corporate expenses by $2 million to reflect lower expenses based on our half year results.

In addition to our solid sales growth, we expect overall operating income to grow between 15% and 19% and diluted earnings per share to be up 12% to 16% over the prior year, unchanged from our prior guidance. However, please note, we are maintaining our EPS guidance range despite absorption of the negative impact of foreign currency translation, which amounts to $0.06 per diluted share when comparing rates our guidance was based on versus the current forecasted rates and also the dilution relative to the purchase accounting for the ACRA acquisition, which amounts to another $0.04 per diluted share, as well as the unanticipated strategic investments in the AP1000 program. Having said this, we do expect to end up at the high end of our current guidance range.

Overall, based on our revised 2011 financial expectations, we now expect consolidated operating margin to increase 70 basis points to 90 basis points to approximately 10.2% to 10.4%, slightly lower than our previous guidance, primarily due to the acquisition margin dilution. From a half-to-half perspective, our first half year results included approximately $3 million of facility consolidation costs that are expected to convert to $3 million of benefit in the second half of the year.

In addition, included in our first half of the year performance are certain one-time costs on long-term contracts that are not expected to recur, most notably in the oil and gas business in Q1 and strategic investments in the AP1000 program in the first half of the year. Here's some additional financial guidance metrics for 2011, all of which remain unchanged from our prior guidance.

Now, I would like to turn it back to Marty for his final comments before we wrap up the call. Marty.

Martin R. Benante, Chairman & Chief Executive Officer

Thank you, Glenn. Following a strong first half of 2011, we remain optimistic heading into the remainder of the year, with growth forecasted across our defense and most commercial end markets. We expect to benefit from improved market conditions, as demand for our products and

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services will result in sales growth rates over and above anticipated growth rates in several markets in which we participate, namely in defense and nuclear this year and oil and gas as we look to 2012.

Given that outlook, I'm pleased to say that we're forecasting solid growth in sales for 2011, along with double-digit growth in both operating income and earnings per share. In the near-term, we expect to see continued, solid returns in our commercial aerospace, defense, nuclear aftermarket and general industrial markets. And longer term, we remain confident in our overall energy businesses based on the projected future increases in worldwide energy demand and our expectations for an eventual rebound in capital spending levels on large global projects in oil and gas.

Looking at our markets, I'd like to begin with our power generation market and an update on the AP1000 program. We successfully passed all of those critical tests earlier this year, such as pressure, flow, power consumption, and coast down. We have been making design modifications throughout the development and certification process, which is normal when delivering this level of technology,

During the final phase of testing, we discovered a localized high temperature. We elected to investigate and modify the design to ensure that our pumps continue to be the most reliable in the industry. As a result, we are rescheduling the delivery date of the first four pumps from the fourth quarter of 2011 to the second quarter of 2012. This new delivery date meets our customer's requirements, and will not impact the overall plant construction schedule. We expect final testing to begin shortly and conclude successfully.

Curtiss-Wright has over 60 years of experience baked in reactive cooler pumps. And the AP1000 pump is the first of a kind that is highly advanced state-of-the-art technology. We take a very conservative approach in our designs to assure ourselves and our customers that they have years of reliable service, which is the hallmark of Curtiss-Wright. The estimated cost to correct the issue and complete final testing are reflected in our second quarter results and at this time we do not foresee any future financial impact.

Looking ahead, we still expect our next major AP1000 order to come from China in 2012, and our broadening relationship with the Chinese and have provided increased scope and business opportunity in China. Our long-term view on our new build nuclear power generation business remains positive.

Meanwhile, our content on existing operating reactors worldwide remains strong and we continue to expand, as assessments and analysis from Fukushima drives safety and reliability improvements. We also expect to benefit from our improved technology solutions to upgrade existing plants so they operate more effectively and meet plant life extension requirements. This MRO activity is essentially the sweet spot for Curtiss-Wright.

As we discussed in our Investors Day, there was an immediate need for our technology to support the events in Fukushima. We have identified an additional $75 million in additional requirements directly related to the clean-up efforts in Japan. And we expect this trend to continue, especially in the wake of the NRC's 90-day report that was issued last week, which spells out new requirements that our advanced technologies could help our customers meet.

The NRC's first set of recommendations based on lessons learned from the simultaneous natural disasters at Fukushima fell into three categories. Number one, requirements for design-based events was protection and mitigation; number two, requirement for beyond designs-based events such as blackout, fires and explosions; and number three, voluntary industry initiatives. While these recommendations are not regulations yet, they point directionally to where the regulators will likely end up.

In all three cases, but especially the first, increased design requirements, protection and mitigation, the industry will require monitoring, protection, testing and analysis,that are the cornerstones of Curtiss-Wright nuclear aftermarket business. Additionally, we expect to see increased opportunity worldwide for our vast portfolio of advanced nuclear technologies that are specifically designed to enhance plant safety, seismic design and control, fire safety, spent fuel storage, backup site power and also comply with other regulatory requirements on existing plants.

We believe the focus on spent fuel tools and fuel storage will generate an expedite opportunities for our SNAP-IN products and spent fuel infrastructure. One such opportunity is the recent $43 million order from a major domestic utility company. Several materials that are permanently used in existing spent fuel storage racks are subject to degradation over time and will need to be changed to meet the safety requirements mandated by the NRC.

To extend the life of the plant, existing operating reactors have to ensure that all safety related systems can perform during the extension period. Our SNAP-IN product provides – product solves that issue for existing spent fuel storage racks where aging is problematic and thus an exciting opportunity, presenting us with an exciting opportunity for Curtiss-Wright moving forward.

Another example of the importance of our technology relates to the recent award from Progress Energy, which selects Curtiss-Wright to provide a new safety related Core Cooling protection system for its Crystal River Unit 3 plant in Florida. This first of a kind instrumentation and control system will enable plant upgrade capabilities, simplify the licensing process and enhance its long-term performance and safety.

These are only few examples of the potential opportunities for Curtiss-Wright based on our long history and expertise in the nuclear power generation industry. Also, we expect the industry will have a significantly increased need for the types of products and services that we offer once the new NRC regulations become effective. Based on our strong orders in the first half of 2011, some of which we expect to turn to solid organic sales growth this year, we raised our full year power generation guidance up to – 6% to 8% growth over 2010 above our previous guidance of 1% to 2% growth and expect improved sales in the future.

Within the oil and gas industry as a whole, the announced investment requirements in the Americas in 2011 and 2012 are the largest back-to-back years in recent history. The 2011 projects are taking longer to come to fruition than expected, but there has not yet been any cancellations as would be typical with prior years, which is expected to lead to a pickup in orders later this year and throughout fall of next year.

2012 investments are already 85% of 2011 and will continue to rise throughout this year. In addition, there will be a carryforward of some of the 2011 projects to 2012. So even though the order rate has been somewhat lower than downstream project work, where Curtiss-Wright has been most active, expectations continue for a turnaround later this year and well into next year due to the underlying capital requirements.

Within Curtiss-Wright's oil and gas market, we continue to see a gradual pickup in the domestic MRO business, a welcome change given the slowness that was experienced in the past two years. MRO is the leading indicator of increased pent-up demand caused by stretching out plant operations as far as possible, typically what you would expect during a prolonged recession that normally precedes spending on major capital projects.

We're also pleased to report well, that we have seen increased demand for our super vessels being produced in our new facility in Cedar Crossing, Texas. And we have more than doubled our first year's expectations in new orders. We currently operate the only manufacturer of these large vessels in the Americas, which greatly benefits our more local customers as we can provide

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significant logistics and transportation savings to name only a few benefits. And to reiterate what we told you on Investor Day, this opens up an accessible $1 billion market for us. Together, the MRO and super vessel business represents about 40% of our total sales in this market.

Elsewhere another initiative that we're undertaking is the modernization of our Channelview, Texas facility where we have been consolidating our oil and gas businesses, part of a $14 million investment to establish a fabricated valve center of excellence that will be second to none in terms of technology, efficiency and quality.

Although, we expect capital investments to be ongoing throughout 2011 and 2012, we expect to eventually realize $5 million of annual savings. So, as you might expect, our overall outlook in the oil and gas market remains somewhat tempered for 2011, as we are still experiencing slower orders due to delays in capital spending of large downstream projects, especially in the international market.

Typically about 6% of our total oil and gas sales come from larger capital projects, At this point, we are maintaining our sales forecast in this market excluding the divestiture as the MRO and super vessel sales will offset the large capital projects. However, we certainly expect to benefit as these conditions improve later this year and well into 2012.

It is also worth noting that we are expecting to see an improved second half from a profitability standpoint related to the consolidation of our manufacturing operation in Houston. We had net facility consolidation impact. As a result late last year – into the first half of 2011, we expect that turn into net savings in the back half of the year as having ongoing annual annuity in years to follow.

Elsewhere, within our commercial markets, the commercial aerospace OEM outlook continues to be positive and we're seeing healthy demand for our products and services within both our Motion Control and Metal Treatment segments. In addition, we started to see in the first quarter conditions within our general industrial markets to improve as companies increase their capital spending levels and overall order activity. As is typical in an improving economy, the increased demand will materialize across a multitude of industries including automotive, transportation and HVAC, to name a few areas which we serve.

Turning to defense, our guidance reflects a very solid outlook, where we now expect to grow between 5% and 7%. This supports our views from our Investors Day where we expressed our confidence in our current and future outlook, even during years of flat budgeting or decreases overall. We are well positioned on current key future defense platforms for the Army, Navy and Air Force that will continue to support our growth well into the future.

We are market leaders in embedded computing and position sensors and expect to benefit from the increased demand for intelligence, surveillance and reconnaissance for ISR and electronic warfare opportunities in the battlefield. Both expected to be strong contributors to our growth over the next five years.

We have a very solid position in naval defense driven by the ramp-up and production of the Virginian class submarines and the CVN-79 aircraft carrier over the next few years as well as the future Ohio class replacement program. And as previously noted, we expect to overcome several of the larger defense headwinds, which have significantly weighed on our sales and profitability over the past few years, including large program cancellation, as well as other programs nearing the end of their production lives.

Turning to other matters. As you've seen in the past few days, we continue to actively pursue acquisition candidates to help expand our portfolio of highly engineered products and services. I wanted to provide some highlight on the recent deals. We believe the recent acquisition of ACRA

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Control Limited will expand our product offerings and growth potential in the aviation electronics market through their module data acquisition and recording technologies for both military and commercial aerospace technologies.

We also acquired IMR Test Labs, a strategic acquisition, which further diversifies our offering of metal treatment services into material testing. We expect this business to become the cornerstone of a new engineering service business within our Metal Treatment segment that is synergistic with our current capabilities.

We'll look to continue to build our company through acquisitions and organic investments and also expand our unique portfolio of highly engineered advanced technologies that have enabled us to continue to outperform the markets in the markets we serve.

Finally, our consistent focus on strategic investments, diversification, and improved operational efficiencies has positioned us to grow our profits faster than sales and increase the long-term competitiveness of our business. We expect improved profitability despite the various consolidations, unanticipated investments, unfavorable foreign currency transaction, and margin dilutions from acquisitions.

We've put out numbers in the first half of 2011, and raised our guidance across our defense and commercial end markets based on improved market outlooks in defense and nuclear. With those headwinds behind us and our cost reductions going in full swing, this shapes up to be a solid second half of 2011 and positions us well heading into 2012.

And at this time, I'd like to open the conference call for questions.

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QUESTION AND ANSWER SECTION

Operator: Thank you, sir. [Operator Instructions] And our first question comes from the line of Myles Walton from Deutsche Bank.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Thanks. Good morning.

<A – Martin Benante – Chairman & Chief Executive Officer>: Hey, Myles. How are you doing?

<A – Glenn Tynan – Chief Financial Officer & Vice President>: Good morning, Myles.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Yes, good. A few questions, one on the AP1000, in terms of the design work that you're doing above and beyond what was previously planned and also the delay there to the first delivery in the second quarter of 2012. First is, was the size of the recognized charge, I guess, in the quarter? And second, why doesn't it impact negatively the revenue expectation for the rest of the year if they are not to be delivered this year?

<A – Martin Benante – Chairman & Chief Executive Officer>: Well, the margin impact or the profit impact was $2.8 million. And the other is we have been posting sales based on an accrued basis and we have a lot more MRO nuclear events that's making up for any reduction that we would have from slipping the schedule to the second quarter of 2012.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Okay. And then the other is from risk reduction milestones ahead, this was the last discovery to have high temperature point you had to revisit. Is there another test coming up soon that would potentially be a risk element that there could be other discoveries on or can you just give us an --?

<A – Martin Benante – Chairman & Chief Executive Officer>: As I indicated or as we indicated, we passed most of the tougher tests that could have been showstoppers. We were in our 14th cycle of 50 cycles for endurance and noticed a localized increase in temperature that could limit the life of the pump. So we did not fail any test, so we thought it better to take it down, look what was going on. We had to put in some additional insulation to cut down on the current and that should be able to fix it. We're going to also test that, make sure that's okay. But the – bearings last, everything looking looks in great shape after 12 cycles, so we don't anticipate any other problems going forward.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Okay. And then, the commercial, nuclear and oil and gas markets, you talked about the order trends there, kind of within oil and gas obviously retrofits and your super vessel order rates look good, the MRO not so much – rather the capital – big capital expenditures, not so much. Commercial nuclear, the MRO seems pretty good and new builds obviously bookings aren't coming through just yet. Can you give us some perspective on book-to-bill in the first half maybe for the oil and gas markets?

<A – Glenn Tynan – Chief Financial Officer & Vice President>: We don't quite capture it by the markets. We have it by segment, Myles. So I'd only be guessing that it'd be a pretty healthy one, based on what we saw on the first half, but I don't have the number for you.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Okay. Yes, I mean, the Flow Control has obviously the Navy piece in it, which I'm not sure how to separate out, so I was just trying to isolate it to just your commercial piece of that particular segment?

<A – Glenn Tynan – Chief Financial Officer & Vice President>: Yes.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Any way to look at just the commercial book-to-bill in Flow Control?

<A – Glenn Tynan – Chief Financial Officer & Vice President>: Yes, the commercial book-to-bill for Flow Control in the second quarter was 181.82. It was big.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Okay, that sounds pretty good.

<A – Glenn Tynan – Chief Financial Officer & Vice President>: Yes.

<A – Martin Benante – Chairman & Chief Executive Officer>: Yes.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Okay. And then cash flow guidance for the full year, you didn't raise it and I'm not asking you too either. But just kind of curious, puts and takes, as you look for the rest of the year on the cash flow guidance?

<A – Glenn Tynan – Chief Financial Officer & Vice President>: If you look at where – we're still a little negative, but usually by about midyear, we break even. But really the only difference this year is we had about $22 million of pension contribution this year. We don't normally have and we're about $22 million negative free cash flow this year relative to that. So we've got that going on. It's our typical cycle of – we – our inventory goes out in the second half of the year. We usually build in the first half of year. We have big customer payments that are scheduled in the second half of the year and our sales are up in the second half of the year. So it's really our normal cycle from a cash standpoint. I don't see this year issue being too much different than prior years.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Okay. And the last one is on the ACRA acquisition. I think you said it was $2.5 million dilutive for the rest of the year?

<A – Glenn Tynan – Chief Financial Officer & Vice President>: Right.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: And just I guess the price point, right, it was $61 million for – you said $13 million of sales in the second half. Is that right?

<A – Glenn Tynan – Chief Financial Officer & Vice President>: Yes, in the last – yes.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: So I'm trying to reconcile the price for that – implied price for that acquisition versus the implied profit for that company?

<A – Glenn Tynan – Chief Financial Officer & Vice President>: Let me just give you a little background on the profit piece. That's – the issue is, this one has a significant amount of transaction cost for us that we don't normally have. It's international. We had a banker. We had lawyers. We had a lot of it, so a lot will flush out immediately in the third quarter. Probably it's already flushed out already, since we bought it yesterday.

And, in addition, there's some pretty hefty, what we call, short-term purchase accounting, things such as inventory step and the value ascribed to backlog, which is – it's a good and a bad thing. They have a pretty substantial backlog, but unfortunately, purchase accounting makes you recognize – so those all rollout primarily in the third quarter. Some will spill over in the fourth quarter. The second six months of their first 12 months, they're very accretive.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Right.

<A – Glenn Tynan – Chief Financial Officer & Vice President>: And it's just the way it's timed out.

<A – Martin Benante – Chairman & Chief Executive Officer>: It's a timing shift.

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<A – Glenn Tynan – Chief Financial Officer & Vice President>: Timing for us. It's not – is there very, very, you'll see.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Okay.

<A – Glenn Tynan – Chief Financial Officer & Vice President>: As we move forward, but that's the way it's timed out for us.

<A – Martin Benante – Chairman & Chief Executive Officer>: We did not overpay for the business, I guess.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: So the underlying margins, if we stripped out transaction and purchase accounting cost, that burn off in six months, they should be significantly above the Motion Control segment, I'd imagine?

<A – Glenn Tynan – Chief Financial Officer & Vice President>: Yes, they'll be good. Yes, yes.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Okay. All right, thanks.

<A – Martin Benante – Chairman & Chief Executive Officer>: All right, Myles. Thank you.

Operator: Thank you. And our next question comes from the line of Eric Hugel from Stephens.

<Q – Eric Hugel – Stephens, Inc.>: Hey. Good afternoon, guys.

<A – Martin Benante – Chairman & Chief Executive Officer>: Hey, Eric. How are you doing?

<A – Glenn Tynan – Chief Financial Officer & Vice President>: Hey, Eric.

<Q – Eric Hugel – Stephens, Inc.>: Good morning, I guess. Can you update us on the timeframe of certification now for the AP1000 pumps, and are there any milestones that we can keep track of?

<A – Martin Benante – Chairman & Chief Executive Officer>: No. It's just that once we go back on test, when this test is over with, which takes about 90 days, it will be certified.

<Q – Eric Hugel – Stephens, Inc.>: So when should that be? And I guess if it's just a little bit of a delay, why is delivery being pushed out into next year?

<A – Martin Benante – Chairman & Chief Executive Officer>: It's just the fact that we already had other pumps that were past the point of where – they also just needed to be reinsulated. So we're going to do some preliminary testing, make sure that the current is cut down based on the changes that we've made. So we're going to go back into test studies end of September, beginning of October.

<Q – Eric Hugel – Stephens, Inc.>: Okay, fair enough. In terms of your Metal Treatment business, I'm just trying to in my mind think about the timing here. Obviously, I guess you guys felt the impact of auto production coming down because of I guess Japan issues rippling through the supply chain. What's the timing that we should think about that sort of coming back? Did we start to feel some of that in the quarter or is that more a back half of the year event?

<A – Martin Benante – Chairman & Chief Executive Officer>: I don't know if you're looking at the automobile production affecting our profitability going forward. Is that the question?

<Q – Eric Hugel – Stephens, Inc.>: Yes, On the Metal Treatment, the leverage there?

<A – Martin Benante – Chairman & Chief Executive Officer>: That's not really a big issue because more of our sales is in the heavy – that was in truck and the heavier model cars. We're doing well there. I think though what should be looked at significantly is that we expect to end the year somewhere between 14.5% and 15%. For this business, that's still not robust. If you remember when we had the last recession, the lowest we ever got to is 13.4%, which is different this time around because it was the Great Recession. So from a return standpoint, we're not seeing a robust economy. We're seeing something that is going along at a rate but not a fantastic rate.

<Q – Eric Hugel – Stephens, Inc.>: Maybe, Martin, can you help us maybe just put maybe a better idea in terms of how profitable the business is right now? You talked about making a healthy amount of investments in several new facilities. What kind of margin impact is that having to the business?

<A – Martin Benante – Chairman & Chief Executive Officer>: Right now, on about $3 million of sales out of the new facilities, and right now we have eight of them, this year we're looking at a $288,000 loss compared to two years ago being about a $2 million loss. So you're going to start to see next year that will start picking up, not being at the returns that obviously, the rest of MIC is at, but to start having some good contribution.

<Q – Eric Hugel – Stephens, Inc.>: All right. Glenn, what's a good run rate that we should be looking at in terms of corporate and other expenses?

<A – Glenn Tynan – Chief Financial Officer & Vice President>: As you know, we took it down a couple million, so we're still looking at somewhere between $25.5 million and $26.5 million. And what's going on is the big driver in that expectation is we ran pretty favorable in the medical field in the first half of the year. And towards the latter part of the quarter we started to see that turn to a little bit of negative trend. So we're pretty cautious there because deductibles start maxing out, all kind of different things impact that. But we've never ran in the whole year favorable, so we're being a little cautious there, but we're projecting that to be unfavorable for us in the second half. That's one item. Pension will be a little bit higher in the second half by about $1.5 million, second half versus first half.

And the other pieces in our compensations and long-term compensation, we had a credit of $1.5 million in the first quarter because one of our grants we recalculated based on numbers of things. We had a credit there and the second half will actually have an expense, so that's a $3 million swing. We get about $4 million swing half to half in medical, $3 million swing half to half in LTI, long-term incentive comp, and $1.5 million. Those are the three big ones and pension half to half. Hopefully the medical may not – we're not really – can't predict exactly where it's going to come in, but that's what we think it could be. If it's better, then it will be better.

<Q – Eric Hugel – Stephens, Inc.>: Great. Thanks a lot, guys, and good quarter.

<A – Martin Benante – Chairman & Chief Executive Officer>: Okay, thanks a lot.

<A – Glenn Tynan – Chief Financial Officer & Vice President>: Okay. Thank you, Eric.

Operator: Thank you. And our next question comes from the line of Tyler Hojo from Sidoti & Company.

<Q – Tyler Hojo – Sidoti & Co. LLC>: Good morning, guys.

<A – Martin Benante – Chairman & Chief Executive Officer>: Hi, Tyler.

<A – Glenn Tynan – Chief Financial Officer & Vice President>: Good morning, Tyler.

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<Q – Tyler Hojo – Sidoti & Co. LLC>: First question, a really great quarter in Motion Control just from the sales perspective; if I look at your guidance, the low end would imply that we dip down just in the third and the fourth quarter. And the high end would suggest maybe we're only up a couple million bucks. So when I think about the ACRA deal rolling on, what's going on there?

<A – Glenn Tynan – Chief Financial Officer & Vice President>: I'm not sure I'm following your math there, Tyler. Maybe you can go through that again?

<Q – Tyler Hojo – Sidoti & Co. LLC>: Usually you have a really strong fourth quarter within that business. Just seasonally speaking, Q4 is typically pretty strong. If I did the math right, the high end of your guidance implies something like $178 million or so in quarterly sales within Motion Control in both the third and the fourth quarter.

<A – Glenn Tynan – Chief Financial Officer & Vice President>: Yes, we're being a little cautious with our Motion Control segment right now.

<Q – Tyler Hojo – Sidoti & Co. LLC>: Okay.

<A – Glenn Tynan – Chief Financial Officer & Vice President>: Yes.

<Q – Tyler Hojo – Sidoti & Co. LLC>: But it does include – it has been updated to include the ACRA deal that was announced last night?

<A – Martin Benante – Chairman & Chief Executive Officer>: That's right.

<A – Glenn Tynan – Chief Financial Officer & Vice President>: Yes, it is. And the other piece is part of our year this year is a little bit of an anomaly and you got – as you know, we've outperformed in the first half of the year, and a good part of that's in Motion Control. So a lot of it's timing with their business. It may not be as typical for them. They are a little bit more linear this year than they have been in the past, which – we've been trying to do that for 10 years now, and all of a sudden this year it's kind of working out a little bit more that way. So you got a little bit of that going on and that's primarily in Motion Control.

<Q – Tyler Hojo – Sidoti & Co. LLC>: Okay. That's what it looked like, all right. And then I just wanted to ask you. You guys have announced some seemingly pretty nice wins on the commercial aerospace side. You announced a deal with Parker Hannifin on the 787. It looked like your Predator acquisition announced a couple of wins, I believed, on the 777. What's the outlook there? What's your shipset content currently on 787 and where can it go?

<A – Martin Benante – Chairman & Chief Executive Officer>: Right now, our shipset level is about $430,000, which is obviously quite an improvement from when we originally announced this. It seems like our content continues to rise. As you start looking at some of the changes that – or changes that they're making, we had some sensors that also were associated with the 787. So I think since they're starting to ship it, that's going to be our shipset content for a little while.

<Q – Tyler Hojo – Sidoti & Co. LLC>: Okay, and any opportunities on any of the other 7-Series aircraft?

<A – Martin Benante – Chairman & Chief Executive Officer>: Yes, there are. I'll just leave it at that.

<Q – Tyler Hojo – Sidoti & Co. LLC>: Fair enough, I guess we'll look to hear about that. Thanks a lot.

<A – Martin Benante – Chairman & Chief Executive Officer>: All right.

Operator: Thank you, and our next question comes from the line of Steve Levenson from Stifel Nicolaus.

<Q – Stephen Levenson – Stifel, Nicolaus & Co., Inc.>: Thank you. Good morning, Marty and Glenn.

<A – Glenn Tynan – Chief Financial Officer & Vice President>: Hey. Good morning, Steve.

<A – Martin Benante – Chairman & Chief Executive Officer>: Hi, Steve.

<Q – Stephen Levenson – Stifel, Nicolaus & Co., Inc.>: Sticking on the commercial aerospace theme, with build rates going up, what's the lead time you guys have for the parts that you're going to be delivering? How can we build that in if we know when the build rates are going up? Are they short or longer term?

<A – Glenn Tynan – Chief Financial Officer & Vice President>: Short.

<Q – Stephen Levenson – Stifel, Nicolaus & Co., Inc.>: Short, okay. So three months?

<A – Martin Benante – Chairman & Chief Executive Officer>: Three months.

<Q – Stephen Levenson – Stifel, Nicolaus & Co., Inc.>: Okay. That's good, thank you. You were talking about the spent fuel casks and pools.

<A – Martin Benante – Chairman & Chief Executive Officer>: Right.

<Q – Stephen Levenson – Stifel, Nicolaus & Co., Inc.>: Does your ability to make vessels play into that or are these mostly other...

<A – Martin Benante – Chairman & Chief Executive Officer>: No, no. This is a patented design that we have that is used in spent fuel. If you remember about a year ago, I indicated that we were qualified for the PWR, which is currently in test, and that will be concluded in about a year. It's a patented design that helps store these racks and neutralize the isotopes.

<Q – Stephen Levenson – Stifel, Nicolaus & Co., Inc.>: And were these exotic metals?

<A – Martin Benante – Chairman & Chief Executive Officer>: I did say a patented design.

<Q – Stephen Levenson – Stifel, Nicolaus & Co., Inc.>: Okay. What's the pipeline you have for that as well as for parts similar to the ones that you've just got the order from Progress?

<A – Martin Benante – Chairman & Chief Executive Officer>: Right now, we've looked at about – we think there's about, in the near term, $56 million of opportunities for spent fuel storage. And realistically, with this thing with Fukushima, we have to really look at it. This is really a step change. Once those recommendations or regulations come out from the NRC, all 104 nuclear power plants are going to have to do whatever gets agreed upon or dictated to. And that is going to really step up the amount of services that we're going to have to provide when those regulations come out. I can't put a dollar figure on it, but it's not a small number.

<Q – Stephen Levenson – Stifel, Nicolaus & Co., Inc.>: Sounds good to me. I know there has been some concern based on calls that we get, but there's nothing going on in the business, and obviously there's quite a bit going on.

<A – Martin Benante – Chairman & Chief Executive Officer>: I think everybody looked at it when it first came out that this is going to delay new builds. But for us, we don't have a break in production. We are anticipating something in 2012. I think what people don't realize is how much expertise we really have in this area and how much we do. We do this every day. Our content continues to go up every time there are outages. But when it comes to safety, seismic readings, we're one of the best in the industry. And right now, I think the amount of order book that we're beginning to take in, especially in our Enertech, which runs our nuclear aftermarket division, the phone is ringing off the hook.

<Q – Stephen Levenson – Stifel, Nicolaus & Co., Inc.>: Got it, thank you. Last one, I know there's some discussion now about building an all-new armored fighting vehicle to replace the Bradley. Is that something you're participating in? And if so, are you going to have to do some R&D, or will you be able to adapt the devices that you're using now in the Bradley?

<A – Martin Benante – Chairman & Chief Executive Officer>: Well, okay. No, you can't adapt the device you're using in the Bradley. The CGV has now been said that it's going to be – go forward there will be three participants, of which we're teamed with all three. We expect R&D money to be given to the primes this year, and us probably getting monies for R&D next year, depending on who wins, depending on what kind of content we'll have.

<Q – Stephen Levenson – Stifel, Nicolaus & Co., Inc.>: Got it, thank you very much.

<A – Martin Benante – Chairman & Chief Executive Officer>: You're welcome.

Operator: Thank you. And our next question comes from the line of Ken Herbert from Wedbush.

<Q – Kenneth Herbert – Wedbush Securities, Inc.>: Yes, hi, good morning. Thank you.

<A – Martin Benante – Chairman & Chief Executive Officer>: Hi.

<A – Glenn Tynan – Chief Financial Officer & Vice President>: Hi, Ken.

<Q – Kenneth Herbert – Wedbush Securities, Inc.>: Yes, hi. I just wanted to first, on Metal Treatment, I think you said you opened up eight facilities in the last -maybe in the last year to two. Is that the correct number?

<A – Martin Benante – Chairman & Chief Executive Officer>: Yes.

<A – Glenn Tynan – Chief Financial Officer & Vice President>: That's two years. Yes.

<A – Martin Benante – Chairman & Chief Executive Officer>: Yes.

<Q – Kenneth Herbert – Wedbush Securities, Inc.>: The last two years; can you give any visibility on the plan for new facilities in the next – into 2012 and 2013? Is it the pace you expect to continue, or do you start to see maybe...

<A – Martin Benante – Chairman & Chief Executive Officer>: No, no, I think that when you take a look at some of the investments we've made in Europe that's where some of the manufacturing from the United States has gone to, so we're basically following that trend. We're looking to open up new plants in China in the aerospace area. There is a great need for shot peening and also plating in India. India is another country that we've been surveying. A lot of the customers that we serve in the United States are in China and also in India. And obviously, they'd like to have our services there. So we do intend to put in a couple more plants in China and at least one in India over the next, let's say three years.

<Q – Kenneth Herbert – Wedbush Securities, Inc.>: Okay. I guess fundamentally, I've always thought of this business you've got great operating leverage here, and you've added a fair amount of capacity to a business that historically in the last cycle, obviously, was peaking at 20%-plus operating margins. With the capacity additions of some of the incremental plans, do you still see even maybe upside to that number this cycle? And I'm just trying to get a sense as to calibrating this business moving forward because I think it's got some great upside and clearly the investments are warranted as you follow the manufacturer. But longer term, how should I think about this business?

<A – Martin Benante – Chairman & Chief Executive Officer>: You'll see if it's a robust economy we'll hit 20%, but we'll hit a much higher sales number.

<Q – Kenneth Herbert – Wedbush Securities, Inc.>: Okay, so those kind of operating margins are – yes, okay.

<A – Glenn Tynan – Chief Financial Officer & Vice President>: Yes, I think we can reach those operating margins. We're also doing a lot of investment of new state-of-the-art machinery that should improve margins. But realistically, we always expect that during a robust economy we'll hit around 20%. It's just right now, we have a lot more facilities. And one of these – not today, but one of these calls I'll actually go through how many plants we had last cycle compared to how many plants we have this cycle, which will give us a good indication of where we think the sales can go in a robust economy. And then, obviously, the operating margin will follow.

<Q – Kenneth Herbert – Wedbush Securities, Inc.>: Yes, that would be very helpful. With the plants you had, obviously excluding the recently opened plants, where are you at these facilities in Metal Treatment? Can you give any sense as to where you are in terms of capacity utilization? I can imagine we've seen a pretty significant uptick. But...

<A – Martin Benante – Chairman & Chief Executive Officer>: We've handled a lot more than what we have right now.

<Q – Kenneth Herbert – Wedbush Securities, Inc.>: Okay. So as volumes ramp, the variable cost addition should be fair but limited. I guess that's a good way to think about it.

<A – Martin Benante – Chairman & Chief Executive Officer>: I think almost negligible, we normally pick up $0.75 on the dollar.

<Q – Kenneth Herbert – Wedbush Securities, Inc.>: Yes, okay, that's very helpful. And then on the oil and gas side, you've talked about starting to see some recovery within the – I guess I'd call it the MRO side. What's been historically the lag, which is always a good leading indicator, can you comment on what we might then expect to see in terms of a lag from when now maybe on the new installation and the capital projects side, you might expect to see some pickup now that you're seeing some of the activity on the MRO side start to pick up?

<A – Martin Benante – Chairman & Chief Executive Officer>: We're going to see – the MRO side has been picking up, even last year. We have very, very good sales from our relief valve and also service, which is running well in excess of 20% of what it was last year.

The project side, we use two surveys to take a look at when projects are going to start up, one predominantly in the United States, and they're much more accurate. And you're seeing – I mentioned that right now, 2012 is 85% of 2011 at this point in time. There is going to be a larger buildup in the United States. And that's a survey that's very accurate. So there's going to be a pickup in new orders in the second half 2011. So some of that will turn into sales and profit in 2011, but it's really going to show a robust 2012. Internationally also shows a good 2012. And the only problem there is that the foreign governments had more delays than we're used to seeing in the

United States. So it's a little bit more variable. But net on net, it's going to be a nice increase in 2012.

<Q – Kenneth Herbert – Wedbush Securities, Inc.>: Okay. So it sounds like, Marty, you're much more confident now in terms of the new projects and the timing as we head into 2012 within oil and gas?

<A – Martin Benante – Chairman & Chief Executive Officer>: Yes, we are.

<Q – Kenneth Herbert – Wedbush Securities, Inc.>: Okay, great. That's very helpful. Thank you very much and very nice quarter.

<A – Martin Benante – Chairman & Chief Executive Officer>: Well, thank you.

<A – Glenn Tynan – Chief Financial Officer & Vice President>: Thank you, Ken.

Operator: Thank you, sir. And our next question comes from the line of Lucy Guo of RBC Capital Markets.

<Q – Lucy Guo – RBC Capital Markets>: Good morning. I'm calling in for Rama Bondada here. Just I was actually wondering on your EPS guidance, there are lot of pluses and minuses versus what you said in the first quarter. I was wondering if it's possible to kind of do a walk through of what's changed in underlying operating results versus – you had that revenue mix and M&A dilution and FX impact and just kind of other one-time items like restructuring and delays here and there. Is it possible to just kind of go through what are the pluses and minuses since you're keeping it the same as last quarter?

<A – Glenn Tynan – Chief Financial Officer & Vice President>: I think you just named them all, but it's been a pretty good recap. But I mean what we're trying to say is, first of all, the majority of the – or half of the increased guidance is from acquisitions, which I think we've clearly said aren't really accretive this year. So we're not getting any impact to dilutive. So we're absorbing that dilution, certainly not raising guidance for that. We did raise overall organic sales up about $10 million and offsetting that is we expect another $2 million of FX in the second half of the year.

<Q – Lucy Guo – RBC Capital Markets>: I was kind of talking about EPS guidance, because you maintained the range as the same.

<A – Glenn Tynan – Chief Financial Officer & Vice President>: The $2 million would impact – it would be $0.03 per share.

<A – Martin Benante – Chairman & Chief Executive Officer>: We said we were at the higher-end of the range.

<A – Glenn Tynan – Chief Financial Officer & Vice President>: Right. So despite all that is what we're trying to point out, plus we had these expenses. So if you look at guidance to guidance, those were the two pieces. We added on some acquisitions and net M&A activity that is actually going to be dilutive overall to us for the remainder of the year. And any EPS we'd get out of the $10 million of incremental organic growth is going to be swallowed up by FX in the second half of the year. But despite that, we still think we're going to be in the top half of the range as well, despite these things, so.

<Q – Lucy Guo – RBC Capital Markets>: And did you – was the delays in the deliveries and facility restructuring, was that factored into last quarter's guidance or is that new as well?

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<A – Glenn Tynan – Chief Financial Officer & Vice President>: That was in – it was in the second quarter. It was in the second quarter. It's reflected in our second quarter results.

<Q – Lucy Guo – RBC Capital Markets>: Right, so that's --

<A – Martin Benante – Chairman & Chief Executive Officer>: The consolidations were in our first – yes, our first quarter, were in our guidance from the very beginning.

<Q – Lucy Guo – RBC Capital Markets>: Okay. How about the $75 million cost related to the clean-up in Japan? How is that factored in?

<A – Martin Benante – Chairman & Chief Executive Officer>: It's not a cost. What we're saying there's $75 million of quotations that we have out for the clean-up of Fukushima.

<Q – Lucy Guo – RBC Capital Markets>: So does it impact P&L then?

<A – Martin Benante – Chairman & Chief Executive Officer>: As we get orders, they can. Yes, definitely. Some of them are longer term solutions. Some of them are not. Some of them are immediate, so depends on how they come in.

<Q – Lucy Guo – RBC Capital Markets>: Okay. And then just a general question on the nuclear sector. I was wondering if – how does the margin opportunity differ between your products sales and MRO and support sales, because you talked about support being stronger now?

<A – Martin Benante – Chairman & Chief Executive Officer>: Well, yes our aftermarket sales have a lot more margin in it than our build per plant projects.

<Q – Lucy Guo – RBC Capital Markets>: Okay. So for plant projects, they would be something like high single-digits or low-double digits? And then aftermarket would be mid-teens kind of range?

<A – Martin Benante – Chairman & Chief Executive Officer>: You could say that.

<Q – Lucy Guo – RBC Capital Markets>: Okay. That was helpful. Thank you.

<A – Martin Benante – Chairman & Chief Executive Officer>: All right. Thank you.

<A – Glenn Tynan – Chief Financial Officer & Vice President>: Thank you.

Operator: Thank you. And our next question comes from the line of Michael Ciarmoli from KeyBanc Capital.

<Q – Michael Ciarmoli – KeyCorp Investment Banking>: Hey, good morning, guys. Nice quarter. Thanks for taking my questions.

<A – Glenn Tynan – Chief Financial Officer & Vice President>: Thank you.

<A – Martin Benante – Chairman & Chief Executive Officer>: Hey, Mike.

<Q – Michael Ciarmoli – KeyCorp Investment Banking>: Just to follow-up, I want to make sure kind of on the earnings bridge. It sounds like there's $0.10 or so I think you mentioned it earlier, of sort of negative items hitting EPS in the second half of the year?

<A – Glenn Tynan – Chief Financial Officer & Vice President>: Yes.

<Q – Michael Ciarmoli – KeyCorp Investment Banking>: Okay. And then just – you also had some one-timer in the beginning of the year, I think the workers' comp. What does that add? Just trying to balance out the one-timers that might not be impactful to 2012. That created a little bit of a tailwind in the first quarter, right?

<A – Glenn Tynan – Chief Financial Officer & Vice President>: Yes, I think the workmen's comp is like penny and a half.

<Q – Michael Ciarmoli – KeyCorp Investment Banking>: Okay, so --

<A – Glenn Tynan – Chief Financial Officer & Vice President>: Yes I remember from the first quarter.

<Q – Michael Ciarmoli – KeyCorp Investment Banking>: Okay. And then, just quick clean-ups. What did the acquisitions add to backlog in the quarter?

<A – Glenn Tynan – Chief Financial Officer & Vice President>: About $32 million.

<Q – Michael Ciarmoli – KeyCorp Investment Banking>: Okay. And are you seeing any change in sort of the pace of defense bookings? It looks like a lot of the defense peers out there are seeing some pressures with what's gone on and the continuing resolution. Are you guys seeing any impact, delays or slowdowns there?

<A – Martin Benante – Chairman & Chief Executive Officer>: No.

<Q – Michael Ciarmoli – KeyCorp Investment Banking>: Okay, fair enough. Great. Thanks, guys.

<A – Glenn Tynan – Chief Financial Officer & Vice President>: Yes, thank you.

<A – Martin Benante – Chairman & Chief Executive Officer>: Thanks, Mike.

Operator: Thank you. And our next question comes from the line of Jim Foung from Gabelli & Company.

<Q – Jim Foung – Gabelli & Co., Inc.>: Hi. Good morning, guys. Good quarter.

<A – Glenn Tynan – Chief Financial Officer & Vice President>: Hey, Jim.

<A – Martin Benante – Chairman & Chief Executive Officer>: Good morning, Jimmy.

<Q – Jim Foung – Gabelli & Co., Inc.>: I just have one question on commercial aerospace, I guess specifically in Motion Control segment. By 2012, Boeing and Airbus are going to have their production rate increases on all their airplanes. And then we see also new airplane models coming like the 787, 747. I was just wondering, can those – can the margin in Motion Control get back or surpass the peak of other margins you've seen in the past, about 14%,14.5%?

<A – Martin Benante – Chairman & Chief Executive Officer>: I believe so. It means if you were to take a look at the margins right now, two full or 200 basis points is based on acquisition.

<Q – Jim Foung – Gabelli & Co., Inc.>: Okay.

<A – Martin Benante – Chairman & Chief Executive Officer>: So if you were to put that – if we weren't acquiring it you would put that back in there. We talked about at the investors' conference several new initiatives we have going on in sensors in Mexico. We're also putting a new plant up in

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Mexico for the aerospace to produce the 700 series for Boeing. We've had quite a bit of consolidation, so yes, we would expect that if we weren't acquiring and we intend to acquire that we would be over and above those margins.

<Q – Jim Foung – Gabelli & Co., Inc.>: So back to 200 basis points you're almost there, close to your peak margin. And so I guess maybe you can give us – could you give us a range in terms of how high you think you can go as we get to 2014 with the peak monthly production of all the airplanes?

<A – Martin Benante – Chairman & Chief Executive Officer>: Oh, just that we can exceed 14.5%.

<Q – Jim Foung – Gabelli & Co., Inc.>: Okay. And should I use the 35% contribution margin?

<A – Glenn Tynan – Chief Financial Officer & Vice President>: I don't know. I don't have that particular number. You can use that if you think it's correct. I couldn't tell you.

<Q – Jim Foung – Gabelli & Co., Inc.>: All right, okay. That's all I had. Thank you.

<A – Martin Benante – Chairman & Chief Executive Officer>: All right, Jimmy. Thank you.

Operator: Thank you. And I see no further questions in the queue at this time.

Martin R. Benante, Chairman & Chief Executive Officer

Okay. Well, I'd like to thank everybody for joining us today and I look forward to speaking to you again at the end of October. Thank you and take care.

Glenn E. Tynan, Chief Financial Officer & Vice President

Thank you, so long.

Operator: Thank you. Ladies and gentlemen, thank you for your participation in today's conference. This does conclude the program and you may now disconnect. Everyone, have a good day.

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