PARTICIPANTS

Corporate Participants

James Ryan – Director-Investor Relations, Curtiss-Wright Corp.
David C. Adams – President & Chief Executive Officer, Curtiss-Wright Corp.
Glenn E. Tynan – Chief Financial Officer & Vice President, Curtiss-Wright Corp.

Other Participants

Myles A. Walton – Analyst, Deutsche Bank Securities, Inc.
Tyler E. Hojo – Analyst, Sidoti & Co. LLC
Kevin Ciabattoni – Analyst, KeyBanc Capital Markets, Inc.

MANAGEMENT DISCUSSION SECTION

Operator: Good day, ladies and gentlemen, and welcome to the Curtiss-Wright fourth quarter and full year 2013 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 call is being recorded.

I would now like to introduce your host for today's conference, Jim Ryan, Director of Investor Relations for Curtiss-Wright Corporation. Please go ahead, sir.

James Ryan, Director-Investor Relations

Thank you, Danielle, and good morning, everyone. Welcome to Curtiss-Wright's fourth quarter and full year 2013 earnings conference call. Joining me on the call today are Dave Adams, our President and Chief Executive Officer, and Glenn Tynan, our Vice President and Chief Financial Officer.

Our call today is being webcast, and the press release as well as a copy of today's financial presentation, are available for download through the Investor Relations section of our company website, at www.curtiss-wright.com. A replay of this call also can be found on the website.

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 detail those risks and uncertainties in our public filings with the SEC.

In addition, certain non-GAAP financial measures will be discussed on the call today. A reconciliation is available in the earnings release and at the end of this presentation and will be available on the company's website.

And, now, I'd like that to turn the call over to Dave to get things started. Dave?

David C. Adams, President & Chief Executive Officer

Thank you, Jim, and good morning, everyone. For our agenda today, I'll begin with a brief update on recent events, followed by Glenn who will provide the financial update on our fourth quarter performance and a review of our 2014 guidance then I'll wrap up by providing some additional color on our end markets as well as our margin expansion opportunities before we open the call for questions.

This is an exciting time for Curtiss-Wright. As you heard at our recent December investor day, we're making numerous changes to our business under the vision of One Curtiss-Wright, which we believe will better position our company for the future. Our focus on improving profitability, expanding our margins and driving steady improvements in working capital and free cash flow will drive strong shareholder returns over time.

We also intend to execute a more balanced capital allocation strategy. The recent 30% increase in the dividend and our plans to reenter the market to repurchase shares together with smaller bolt-on acquisitions, as you recently have seen, is evidence of the confidence we have with our strategy.

Lastly, I wanted to thank all of you who attended our investor day event in person as well as those who listened in via webcast, as the investment community's response has certainly been positive.

I also wanted to share some insight from inside the walls of Curtiss-Wright, as the employee and customer responses to these changes have been equally well received. This is the start of a long journey, and we look forward to continually updating you on our progress along the way.

Now, I would like to turn the call over to Glenn to provide a review of our quarterly performance. Glenn?

Glenn E. Tynan, Chief Financial Officer & Vice President

Thank you, Dave, and good morning, everyone. We concluded 2013 with a strong fourth quarter for sales, operating income, EPS and free cash flow. Sales were higher across both our commercial and defense end markets and included a solid contribution from acquisitions.

Despite 90 basis points in margin dilution generated by those acquisitions, we expanded operating margins 20 basis points in the fourth quarter and finished the full year 2013 up 160 basis points over 2012.

Adjusting for the one-time items that impacted our fourth quarter 2012 results, principally the benefit of lower cost estimates on the AP1000 China contracts in the Flow Control segment, and restructuring costs in our Surface Technologies segment, operating income rose 30%, leading to a 70 basis point operating margin improvement to 10.7%.

Our organic operating margin, which excludes acquisitions and FX, was 11.3% in the fourth quarter, up 130 basis points from adjusted 2012 results. These results reflect the benefits from our ongoing operational excellence and cost reduction initiatives across the corporation, which positions us well for 2014. Our diluted EPS was $0.97 for the fourth quarter, exceeding our expectations, which led to full year diluted EPS of $2.88 that exceeded the high end of our guidance range.

We were also very pleased with the strong free cash flow generated in the fourth quarter which exceeded our expectations and drove the full year free cash flow conversion rate to 120%, the highest level we've seen since 2009.

Next some color on the drivers of fourth quarter segment operating income and margin performance where all three segments benefited from our continued improvements in operational efficiency. Operating income for the fourth quarter of 2012, adjusted for the aforementioned non-recurring items, is shown in the fourth column of the table shaded in blue.

Starting with the Flow Control segment, current year operating income increased 33% compared to adjusted 2012, while operating margin increased 130 basis points year-over-year to 11.2%. Improved profitability in oil and gas was a key driver. These results also included 40 basis points in acquisition margin dilution primarily related to the Phönix acquisition.

In the Control segment, operating income was up 34% and operating margin was up 60 basis points to 13.8%. These results included 240 basis points in acquisition margin dilution, the majority of which related to initial transaction and purchase accounting costs for the Arens Controls and Parvus acquisitions, partially offset by 50 basis points in favorable FX. Therefore, organic operating margin was 15.7% in the quarter, an improvement of 250 basis points from 2012.

And finally in the Surface Technologies segment, operating income increased 30% and operating margin was up 150 basis points to 15.7% compared to adjusted 2012. These results included 150 basis points in margin dilution related to the Gartner acquisition. Therefore, organic operating margin was 17.2% in the quarter or an improvement of 300 basis points compared to adjusted 2012. These results reflect the benefit of prior year restructuring activities.

Moving to the end markets, our commercial markets grew 23% overall during the fourth quarter, driven by strong contributions from our acquisitions. While overall organic growth was minimal, there were some pockets of strength. This is particularly true in the commercial aerospace market where we experienced solid organic growth of 16%. We continue to benefit from the ongoing strength of the OEM cycle and production rate increases across most Boeing and Airbus platforms with the bulk of the fourth quarter growth tied to the 787 platform.

We also generated higher sales across our oil and gas business, led by continued solid demand in the upstream business, as well as for global MRO products, supporting ongoing refinery maintenance fees. Of note in this end market is initial signs of life in the international large projects business.

Within the power generation market, we experienced declines in both U.S. and China AP1000 revenues, both of which are winding down. Our results also reflected slower growth from existing operating reactors due primarily to fewer planned outages in 2013 as expected. However, we expect to see a rebound in outages in 2014.

And finally, gains from the general industrial market were primarily driven by our industrial acquisitions, serving on-road and off-road trucks and specialty vehicles along with higher shot peening sales for the global automotive industry.

Moving on, fourth quarter sales in defense increased 9% overall, principally driven by higher revenue on the Virginia-class submarine and Ford-class aircraft carrier programs in the naval defense market, as well as the contribution from acquisitions.

We also experienced higher sales across several ISR-related platforms in the aerospace defense market, such as the Global Hawk and P-8 Poseidon. This increase was more than offset by continued lower demand in the ground defense market, which continues to be entrenched in maintenance versus upgrades.

For full year 2013, our defense markets declined 2% while our commercial markets increased 33%, in line with our expectations. Overall, the commercial markets represented 70% of our total sales in

2013 compared to 63% in 2012, which is reflective of our strategy to be less reliant on defense and to create a better balance across our diversified end markets.

Moving on to our financial outlook, full year 2014 sales growth of 6% to 8%, most of which is expected to be organic, remains unchanged from our previous guidance issued in December 2013. From a market perspective, our 2014 guidance remains unchanged with total defense sales expected to grow between 1% and 5% while our total commercial sales are expected to grow between 7% and 11% from 2013. Our guidance for operating income remains unchanged as well, as we expect 14% to 19% growth in 2014, led by solid gains in our new commercial/industrial and energy segments.

As a sign of our confidence and based on an expected reduction in our full-year effective tax rate, we have raised our guidance and tightened the range for diluted earnings per share to a range of $3.30 to $3.40 in 2014. In addition, we expect approximately 60% of our full-year EPS to be in the second half of the year with the first quarter being the lowest and the fourth quartering the highest as we have done historically.

As noted earlier, we ended 2013 with a strong free cash flow performance that exceeded our expectations – generating $166 million which equated to a 120% free cash flow conversion rate for the full year 2013. For 2014, based on the benefits of our operational improvement initiatives and working capital reduction efforts, we have increased our free cash flow guidance to a range of $160 million to $180 million for 2014, which raises our expected conversion rate to 100% to 110%. And as a reminder, this is in line with our goal to maintain a conversion rate of at least 100% over our planning cycle.

Furthermore, I wanted to reiterate our commitment to having a more balanced capital allocation between capital expenditures, return to shareholders and strategic bolt-on acquisitions in 2014.

And lastly, please note, that starting with our first quarter 2014 results, we will present our segments in the new segment structure and the comparable historical information will be available at that time.

Now, I would like to turn the call back over to Dave to provide an update on our future outlook. Dave?

David C. Adams, President & Chief Executive Officer

Thank you, Glenn.

I'll begin by taking a few minutes to discuss the outlook across our end markets before we wrap-up and move to Q&A. I'll start with an update on our commercial Aerospace market, which continues to be one of our most stable growth drivers across our diverse end markets. Curtiss-Wright is well positioned for increased sales supported by the multi-year production up cycle in this market.

As you are aware, we provide a considerable array of products and services to this end market, and we continue to gain ground on the various legacy and newer platforms. Additionally, we are benefiting from the continued production rate increases across numerous Boeing and Airbus platforms particularly for the Boeing 737 and 787 platforms.

We expect this momentum to continue in 2014 but we also expect moderate growth from the regional jet market. Through our market basing commercial Aerospace structure, we intend to leverage our sales channels and product portfolio to fuel new business wins in 2014.

Overall, we continue to expect the OEM cycle will remain healthy for several more years. This supports our projections for sales growth of 6% to 10% in 2014 in the commercial Aerospace market, unchanged from prior guidance.

Next, to our general industrial market. Following the acquisitions of Arens, Williams and PG Drives, we have greatly expanded the breadth and scope of Curtiss-Wright's product portfolio and customer base within the industrial end market. We achieved the critical mass necessary to become a market driver.

As a result, we are now the industry leader for both electronic throttle controls and electronic shifters to many of the world's leading medium and heavy duty truck OEMs. We expect solid demand for these products in 2014 based on the improved growth outlook for OEM's.

Within the services side of our general industrial market, our surface technologies division expects to benefit from worldwide GDP growth as U.S. and European conditions continue to improve. We expect solid growth for our highly technical peening and coating services to domestic and international automotive customers as well as the industrial gas turbine market.

As a reminder, as worldwide economic conditions improve, we would expect overall stronger demand and sales volume for our surface treatment technologies, continuing the progressively improving margin growth over time. As a result of the expected gains in our industrial businesses, we are projecting total general industrial market sales to grow 8% to 12% in 2014, which is unchanged from prior guidance.

Next an update in oil and gas where we expect a solid sales contribution from Cimarron, continued growth in our global MRO business and higher sales in our international large projects business in 2014.

Starting with our upstream market, Cimarron's production, processing and separation solutions for the exploration and production industry continues to be in high demand. Our efforts to utilize existing Houston operations to support Cimarron's rapidly growing demand along with the implementation of lean and operational initiatives is expected to produce solid sales and improved profitability in 2014.

Meanwhile in their emission controls devices business, we're awaiting approval from the U.S. government for certification of our five devices. All units have passed testing required to meet the EPA's new standard governing the destruction of harmful vapors. We also expect to see continued strong demand for our refinery-related MRO product offerings supporting ongoing maintenance needs. Growth in 2014 is expected to come from both U.S. and international markets.

Finally, in the downstream large projects business, we received several new orders late in the fourth quarter of 2013 for coking equipment and services supporting international refineries.

While the increase in demand is certainly a positive sign and will aid our 2014 performance, we remain cautious about forecasting any major downturn, or [rather] turnaround at this time, as the majority of our downstream refining work is outside of the U.S. and subject to long approval cycles. Overall, we're projecting total oil and gas market sales to grow 11% to 15% in 2014, unchanged from prior guidance.

Next, to power generation, starting with our newbuild business and the AP1000 program. We continue to make progress in the production and shipment of our reactor coolant pumps, or RCPs, for both the China and U.S. reactors.

In China, we are currently working through the remanufacture of the first eight RCPs and expect shipments to take place between the second and fourth quarter of 2014. In the U.S., we expect shipments of the first four RCPs to take place in the second half of this year.

In addition, this past November, we received signoff by our Chinese customer for a two-year extension of the technology transfer agreement from our initial 2007 contract. Regarding our next AP1000 order, we continue to negotiate and finalize the contract language with the Chinese for a follow-on RCP order. We expect this to be a significant driver of future growth in our newbuild business for years to come.

Shifting to our aftermarket nuclear business, we continue to see solid growth despite headwinds from Fukushima impacts, slow economic growth, rising natural gas prices and several plant closures. Leading enablers to our aftermarket success stories include organic technology advancements, which drove record new orders in 2013 in support of plant upgrades, refurbishment projects and obsolescence solutions.

Our projects continued to reinforce Curtiss-Wright technology and QA infrastructures addressing today's challenging plant obsolescence issues on a global scale. As a result, we fully expect to see continued demand for our products and services throughout this year. Curtiss-Wright also continues its success in capturing new awards resulting from NRC Orders One, Two and Three, as it pertains to Fukushima response initiatives.

We continue to experience solid demand for Curtiss-Wright equipment in support of existing operating reactors, and we also expect an increase in planned outages to aid our growth this year. Overall, we are projecting total power generation market sales to grow 2% to 6% in 2014, unchanged from prior guidance.

Next, to the defense market. Following the passage of the 2014 omnibus spending bill, we have some clarity to the defense budget for the first time in several years. It also suggests a more promising year for the defense industry, particularly for the areas where Curtiss-Wright has leading positions such as in naval defense, defense electronics and UAVs.

In naval defense, Virginia-class submarine production remains solid at a pace of two ships per year. We recently definitized the new contract for Block IV generators supporting the Virginia-class submarine, which should benefit our revenue for the next several years.

Elsewhere based on timing of production on the CVN-79 aircraft carrier, we expect our nuclear propulsion sales to be flat this year. The recent decision to maintain the full carrier fleet and refuel the CVN-73 carrier should produce an opportunity for Curtiss-Wright to secure a Refueling and Complex Overhaul or RCOH contract. This could provide about $30 million in additional future revenue beyond 2014.

Next, to the aerospace and ground defense markets, we are expecting modest improvements in our aerospace defense market, led by higher embedded computing sales. Our key platforms continue to be funded with minimal budget impact. Those increases are expected to more than offset weaker domestic ground defense sales as this market continues to be impacted by lower incoming order rates, resulting in decreased sales across various platforms.

While the domestic market remains weak, we have shifted our focus to higher growth opportunities such as upgrade programs, serving the international ground market. In addition, Curtiss-Wright's defense business is much leaner now than in the past. This is the result of our proactive operational restructuring and cost reduction initiatives during the past two years, which will continue to provide improved profitability.

In summary, based on the recent decisions out of Washington, we now have improved visibility for the next two years which keeps us confident in our guidance for total defense market sales to grow 1% to 5% in 2014, unchanged from prior guidance.

So, to recap, we're pleased with our outlook for solid sales growth of 6% to 8% in 2014, most of which will be organic. We expect the growth in sales and our continued focus on improving operating margins to lead to strong double-digit increases in operating income and earnings per share. This solid outlook paired with our ongoing operational improvement initiatives, as laid out in December, provide us confidence to raise our free cash flow projections for 2014.

As for the status of those operating margin initiatives, we have solid plans in place across the organization. By far, this is the number one initiative across all of Curtiss-Wright and a major undertaking which we expect will lead to significantly positive results. Our operating teams are disciplined, focused and aligned with the goal of driving toward top quartile operating margin performance to insure that we reach our goals, our compensation programs have been aligned accordingly.

Our leadership team is excited and energized, and the buy-in has been outstanding in support of the One Curtiss-Wright position. We remain focused on achieving our aggressive operational goals through the measures outlined at Investor Day. As a reminder, we discussed several strategic margin drivers that will take us on the path to a 14% operating margin. This includes our competitiveness programs where we are intensely focused on generating improvements in operational excellence and Lean as well as achieving significant supply chain savings.

Together, these are our two largest opportunities regarding our supply chain. We expect to spend about $1.3 billion this year. This clearly needs to be condensed. We have the knowledge base in place and with the added focus and drive of our operational leaders, we will achieve significant savings in this area. We have ramped up the focus across all of our operating units and, as noted in December, we have assembled a team of our best practitioners to work through these challenges, including the creation of both supply chain and Lean councils.

Through One Curtiss-Wright, we will generate significant measurable savings in these areas and you will see the direct benefit through solid operating margin expansion starting this year.

We also expect to drive synergies from our efforts in shared services. We have shared service centers up and running in Costa Rica and Charlotte with initiatives across our IT, finance and HR organizations. We are making solid progress in all three areas and you will see the contribution of these savings benefit our results in 2014 and beyond.

We are also working on various portfolio rationalization opportunities to divest those operations considered non-core or not expected to meet our financial objectives over the planning period. This is a disciplined process, and we expect this addition by subtraction will play a significant role as early as the second quarter in helping us achieve our operating margin expansion objectives.

Another initiative is our segment focus in getting some of our underperforming facilities to reach their full potential. This is one of the largest components of our margin expansion plan as even our best performers have room to improve. The results from these actions will be demonstrable.

We have also discussed strategic growth initiatives across each of our segments. This includes the right investments in the right markets to drive our future growth. They are specific and measurable for each of our operational leaders. We expect these initiatives to help drive steady organic sales growth of 5% to 6%, which in turn will help contribute to our operating margin expansion.

While we had identified and established these plans in late 2013, we are well on our way to executing these are initiatives. I review the progress of each and every one of these items with the entire executive management team on a monthly basis.

Again, the goals are aggressive and the operational leaders will be compensated based on their performance. This is an achievable plan and we intend to make it happen. As we go through 2014, I will provide continued updates on our progress at least on a quarterly basis during future earnings conference calls. The end result, as you will begin to see, is evidence of our steady operating margin improvement as we cross into the upper quartile versus our peers and continue to drive to 14%.

Moving on, as you have likely noted, we recently completed two smaller bolt-on acquisitions. The first was CCRS, which closed in January. CCRS specializes in providing high technology protective coatings and component repairs for turbine engines.

We expect to bundle CCRS' technologies with our own high technology services offering. This will allow us to leverage sales opportunities in Europe and capitalize on opportunities for technology insertion into our worldwide service network.

The second was in PSI, which we acquired a few days ago. This acquisition helps to expand our nuclear manufacturing and test operations by providing an enhanced sales channel to Canadian-designed nuclear power plants, further enhancing our industry-leading worldwide distribution network.

Overall, these are excellent examples of the type of acquisitions that we are currently seeking; high technology, profitable, bolt-on acquisitions that provide significant synergy opportunities in our targeted areas of growth. Furthermore, once we move past the initial purchase accounting costs, these acquisitions will support our objective of operating margin expansion.

In addition, the significant increase in the dividend, as noted earlier, reflects our confidence in the company's ability to continue to deliver strong revenue and profitability growth as we execute our strategic plan. Furthermore, we are reentering the market with a restart to our share repurchase program.

As previously communicated, we will achieve a balanced capital allocation strategy between distributions to shareholders, capital expenditures, and strategic bolt-on acquisitions. Overall, we expect our relentless focus upon margin expansion and free cash flow generation to produce long-term shareholder value.

At this time, I would like to open up today's conference call for questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] And our first question comes from Myles Walton from Deutsche Bank. Please go ahead.

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

<A – Dave Adams – Curtiss-Wright Corp.>: Good morning, Myles.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: … nice cash flow and that's where I'm going to start if that's okay, Glenn. In the quarter itself, and also in the revisions of the outlook, I know you're talking about the working capital improvement initiatives, but can you get a little bit more specific in terms of accounts. I mean, it looks like payables and less on receivables and inventory. I'm wondering if there's any tax implications. Anything a little bit more specific because obviously material beat on both the quarter and the outlook?

<A – Glenn Tynan – Curtiss-Wright Corp.>: Yeah. I mean, there obviously were some tax adjustments at the end of the year as well, but it was across the board. It was really mostly receivables followed by payables and inventory. Lastly, we also had some deferred revenue activity in the quarter as well.

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

<A – Glenn Tynan – Curtiss-Wright Corp.>: Nothing.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Okay. So it sounds pretty repeatable or kind of not one-off by nature, given the 2014 outlook went up as well?

<A – Glenn Tynan – Curtiss-Wright Corp.>: Exactly

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: And in terms of pension contributions, for 2014, has that moved?

<A – Glenn Tynan – Curtiss-Wright Corp.>: The pension contribution for 2014 to be – well, to the defined benefit plan or in conjunction, we're calling it post retirement contribution now because we put in the new 401(k) plan, matching plan, so we expect that between the two of those to be about $38 million.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Okay. Okay. And then maybe at a higher level strategically, the oil and gas market, it sounds like the tone has improved there but realistically I think, Dave, it's good that you not getting out in front of the large oil and gas projects have been tough to predict. But I'm just curious within the outlook of growth for 2014 at 11% to 15%, which I imagine the bulk is organic, is there more upside opportunity or is there more risk on the large oil and gas project piece of that?

<A – Dave Adams – Curtiss-Wright Corp.>: I look at the upside really coming from the upstream side of the business and, you know, that's where our focus is. We do have the activity ongoing on the large capital business, on the downstream side, and we have introduced several new products to that marketplace And that while we, while both Glenn and I said that we are very – we didn't say "very" -- but we're very cautiously optimistic about that potential uptick in that large cap business. We've got activities internationally, which we have picked up some orders from, but I would say, you know, if I'm putting all my hopes on oil and gas, it is and continues to be the upstream market where our focus remains. And if some things pick up for us on the downstream side, hey, that's just great.

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

<A – Glenn Tynan – Curtiss-Wright Corp.>: Hey, Myles, real quick, just a correction. I gave you the expense number. The contribution for 2014 is closer to $50 million, little bit higher than $50 million actually. But I gave you the expense number, sorry

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: So that contribution is even a little higher that's $40 million contribution so it's even a little bit higher than I was thinking.

<A – Glenn Tynan – Curtiss-Wright Corp.>: A little bit higher, yeah, mainly due to the 401(k).

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Okay. And last one from me, so book-to-bill, it's obviously good bookings on a year-over-year basis, but book-to-bill is still trending right around one times and so not seeing the acceleration of the book-to-bill above one. Do we think that happens here earlier in the first half of 2014?

<A – Glenn Tynan – Curtiss-Wright Corp.>: I think historically it does. I mean, we generally get orders in the beginning of the year that get roll out in the back half of the year. So off the top of my head, we typically trend that way and I would expect it to be the same.

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

<A – Glenn Tynan – Curtiss-Wright Corp.>: I don't see any major difference.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: All right. Thanks again.

<A – Dave Adams – Curtiss-Wright Corp.>: Thanks, Myles.

Operator: Thank you. And our next question comes from Tyler Hojo from Sidoti. Please go ahead.

<Q – Tyler Hojo – Sidoti & Co. LLC>: Hi, good morning.

<A – Dave Adams – Curtiss-Wright Corp.>: Good morning, Tyler.

<Q – Tyler Hojo – Sidoti & Co. LLC>: I was actually just curious about some of your comments surrounding nuclear power and I guess the demand on the existing side. I get that planned outages are expected to increase in 2014, but do you have a sense of timing? Is it going to be more first half or back half weighted, and how does that mesh with the overall, I guess it's 2% to 6% outlook overall for nuclear power?

<A – Dave Adams – Curtiss-Wright Corp.>: On our aftermarket on the nuclear side, it has been really the bright spot for us for a considerable time. 2013, as you know, we were down a little bit because the outages did not happen. They were pushed out to 2014. So we're looking at 2014 as being a very robust outage year for us, and we're looking forward to some things really cracking there. So I'm thinking that's going to be spread through the year. We did pick up some orders in both the Fukushima response side and then other MRO activity toward last year that really propped up the business in terms of a 2014 outlook on the order of about $60 million worth of obsolescence and plant upgrades.

So this is sort of what we had expected. So that's going to be spread throughout. So with the outages on the continuing ops, I'm feeling pretty good about it and, as you know, we did pretty good there in terms of margins. And so with our acquisition of this latest company, that just adds to our tool box to address a larger more international marketplace. Heretofore we had not been able to get into Canada as we wanted to, and we were looking elsewhere in the world to expand that same kind of footprint.

<Q – Tyler Hojo – Sidoti & Co. LLC>: Okay. And just on the new nuclear reactor side, how important is kind of this next China order in terms of meeting the guidance range?

<A – Glenn Tynan – Curtiss-Wright Corp.>: Well, I'll tell you, we built some amount of money into this year's forecast. It's about $14 million in sales and $3 million in NOI. That's what we have in our guidance right now for the new contract. They're heavily into negotiations as we speak. I think our executive team is heading over there if not now or soon and so, but that's what we have built in this.

<A – Dave Adams – Curtiss-Wright Corp.>: We are playing the waiting game but it's not just simply waiting. We have been negotiating with them and as you know, they had celebrated their Chinese New Year which held things up for a few weeks, and so we have reengaged and now post-Chinese New Year's holiday and our executive team is negotiating and then we have a further second crew going down there in the next few days. So we anticipate this thing will come to fruition here in near term, so the outlook does not look to be perturbative because of the time that we are at. We were, let's say, conservative where we placed our bookings and relative to 2014

<Q – Tyler Hojo – Sidoti & Co. LLC>: Okay. That's great color. And I guess just lastly for me and this is kind of a follow on from the Analyst Day, but, Dave, as you kind of move through the strategic review process. I'm just kind of curious if you're seeing any opportunities present themselves for portfolio shaping, things that maybe aren't quite as core as you would like kind of the portfolio to be.

<A – Dave Adams – Curtiss-Wright Corp.>: Yeah, for sure. And that happens certainly with every acquisition we acquire. We look at them when we do acquire them and now as you know, as we've stated publicly and in December that we're taking a much broader look at that but very focused. And there are some, as I indicated in my opening remarks, that we are looking at some right now, very specifically. I expect to see some things coming up that I'll be able to talk about in the next quarter. And so that continual reshaping will remain a heavy focus of mine. And, as I also indicated in the notes, that those companies that can't get to where we have to get to, and that's the 14% or better than Op margin, then we'll take a long hard look at those as well. So and more to come

<Q – Tyler Hojo – Sidoti & Co. LLC>: Wonderful. Thanks for all that color

<A – Glenn Tynan – Curtiss-Wright Corp.>: Thanks.

<A – Dave Adams – Curtiss-Wright Corp.>: Thanks, Tyler.

Operator: Thank you. [Operator Instructions] And our next question comes from Kevin Ciabattoni from KeyBanc Capital Markets. Please go ahead

<Q – Kevin Ciabattoni – KeyBanc Capital Markets, Inc.>: Hey, good morning, guys.

<A – Dave Adams – Curtiss-Wright Corp.>: Hey, Kevin. How are you doing?

<Q – Kevin Ciabattoni – KeyBanc Capital Markets, Inc.>: Good. I just want to follow-up on Myles' question on the oil and gas market. Looking at the kind of downstream side of that business, it seems like you guys are warming up a little bit. What does it take in terms of the large cap projects to get you more confident? What would it take for you to take to kind of lift your outlook on that part of the business, I guess, going forward through the rest of the year?

<A – Dave Adams – Curtiss-Wright Corp.>: It would be, let's say, good progress on those jobs that we have received bookings on in Q4. We booked basically around $21 million, $22 million worth of international projects that I would refer to specifically as downstream. And we've got significant interest, very high interest in the new products that we have put on within our center feed devices out of DeltaValve.

And I think what would get me excited would be, if that really took off, and we were to land some contracts domestically and internationally with our new center feed devices, which by the way test out extremely well, then I would start to feel much better about that.

But as you know, 2012 was rough and 2013 wasn't a cake walk and so we think we have sized this and planned this accordingly, and I'm just going to remain conservative until I really see the whites of the eyes of some serious contracts coming in.

<Q – Kevin Ciabattoni – KeyBanc Capital Markets, Inc.>: Okay. That's helpful. I guess, are there any specific examples you can point to in 4Q in terms of kind of the 10-point strategy you laid out where you made significant progress? I mean you did a good job of kind of explaining that it's going as planned in looking forward. I guess just kind of, looking back at the quarter and maybe some more specific color on what you guys were able to implement?

<A – Dave Adams – Curtiss-Wright Corp.>: Yeah. I can tell you that a lot of headway has been made and already been asked about on the portfolio rationalization. Although I can't speak to that at this point, I will be able to in fairly near term, and so I feel that we've made significant headway in that regard. And I'm very optimistic there. And, it's time and we're doing the right things.

A couple of other areas, in supply chain and Lean, as I identified, we do have a supply chain/ Lean Chief who's got it on, tattooed on his forehead that this is what he's got to go get. We spend, as indicated on the call, $1.3 billion a year on things that we acquire or that we spend money on, and if we can't find some money in that, then there's something wrong with us, we know we can find it, and we're making good headway in that. We've got the plans laid out. It's all about laying out your early-in-the-year planning for the executive team and having them go through it and make it happen.

Shared services, we've got a real good head start on all three sides of that with finance, HR and IT. So, I feel very good with what's happening in Costa Rica and what's happened in Charlotte. And so I just see a further benefit from those.

And then on the segment focus, we've taken each and every one of those business units and have identified, you know, some we have that are much higher op margin than others, and no matter how high they are, they still have a target that's aggressive.

So we've identified those and those flow down into the objectives and then they flowed through the compensation side. So, it's looking like a very robust plan with an aggressive target and we like to run that way. And this team I am absolutely confident of will achieve it.

<A – Glenn Tynan – Curtiss-Wright Corp.>: One other thing, Kevin, that's going to benefit our margin, Dave' new organization, just the new structure that we're in eliminated a whole layer of infrastructure. That started, we started to implement in the fourth quarter last year, which we'll see some benefit this year as well. I don't know if that falls under shared services or where that is, but it's in his list. And that's just one other item to hit.

<Q – Kevin Ciabattoni – KeyBanc Capital Markets, Inc.>: Okay, perfect, thanks. And then just one last one from me, kind of turning to defense. You talked about some opportunities there. You talked about the CVN refueling. Just wondering as we look forward here to the release of the 2015 budget, maybe if there's any kind of opportunities that you guys see in the budget release that you're looking at that could provide additional upside?

<A – Dave Adams – Curtiss-Wright Corp.>: Yeah we're seeing that it feels very good about the Navy side and the shipbuilding and so forth. I don't see any uptick from that. It looks like it's going to be Steady-Eddie. And with our other businesses, embedded computing and the electronics that we provide, I see those as being extremely broad based, which, let's say they protect us from the downside and, other than that, I'm really projecting this thing is going to be relatively flat.

I don't know of any big pops that could come out of this thing at this point. But I don't, on the other hand, see big negatives. This is more of a positive for us over the last couple of years, as you know, not being able to plan. And now our customers, our end customers and our interim OEM customers will be able to plan.

<A – Glenn Tynan – Curtiss-Wright Corp.>: And I think the RCOH of the CVN-73 is in fiscal 2016 right now.

<Q – Kevin Ciabattoni – KeyBanc Capital Markets, Inc.>: Okay. That's helpful. Thanks, guys.

Operator: Thank you. And I'm not showing any further questions at this time. I would now like to turn the call back to Dave Adams for any closing remarks.

David C. Adams, President & Chief Executive Officer

Thank you all for joining us today. We look forward to speaking with you again during our first quarter 2014 earnings call. Have a great day. Thanks. Bye-bye.

Operator: Ladies and gentlemen, thank you for participating in today's conference. This does conclude today's program. You may all disconnect.