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PARTICIPANTS

Corporate Participants

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

Other Participants

Sam J. Pearlstein – Analyst, Wells Fargo Securities LLC
Myles Alexander Walton – Analyst, Deutsche Bank Securities, Inc.
Michael F. Ciarmoli – Analyst, KeyBanc Capital Markets, Inc.
James Foung – Analyst, Gabelli & Company, Inc.
Kristine Tan Liwag – Analyst, Bank of America Merrill Lynch

MANAGEMENT DISCUSSION SECTION

Operator: Good day, ladies and gentleman, and welcome to Curtiss-Wright's Third Quarter 2014 Earnings Conference Call. At this time, all participants are a listen-only mode. Later, we'll conduct a question-and-answer session and instructions will be given at that time. [Operator Instructions] And as a reminder, this conference call may be recorded.

I would now like to turn the conference over to Mr. Jim Ryan, Director of Investor Relations. Sir, you may begin.

James Ryan, Director-Investor Relations

Thank you, Sayeed, and good morning, everyone. Welcome to Curtiss-Wright's third quarter 2014 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.curtisswright.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. Now, I would like to turn the call over to Dave to get things started, Dave?

David Charles Adams, President, Chief Executive Officer & Director

Thank you, Jim. Good morning, everyone. For our agenda today, I will provide a brief update on recent events, followed by Glenn, who will review our third quarter financials and discuss the

changes to our 2014 guidance. Then, I'll return to provide some additional color on our op margin expansion progress opportunities before we wrap up and open the call for questions.

As you have seen by our press release, we reported strong third quarter results and increased several elements of our full year guidance. We outlined our long-range goals at our Investor Day last December, including our intention to become a top quartile performer within our peer group for our key operational metrics. One of those key metrics is operating margin expansion where we have delivered solid results and today's report underscores the progress we're making to reduce cost and to leverage the critical mass of One Curtiss-Wright across the enterprise.

On the last call, I indicated that we had a few more irons in the fire as potential divestitures. As you have seen, we have taken actions to reposition our portfolio and improve Curtiss-Wright's long-term profitability and returns. As I've been telling you, a key component of our long-term plan to enhance value is what I called addition by subtraction, the divestment of businesses that are not core to our strategy. I'll begin with the largest divestitures. To be clear, we are planning to divest two of the three arms of our Oil & Gas business in the Energy segment, which we typically describe as our upstream and downstream businesses. We have elected to exit our Oil & Gas OEM businesses as they are no longer part of our core strategy. They have been classified as assets held for sale accordingly.

We are retaining some of our after-market businesses that currently reside in the Energy segment. Starting with downstream, our pending divestiture will come as little surprise to most investors. We are planning to divest our coking equipment and large vessel businesses serving the heavy crude refining process. As you recall, we entered the upstream market via the Cimarron acquisition a few years back. Despite a respectable growth rate and what generally has been a good business for us, we do not possess enough scale or critical mass in the upstream market sufficient to drive margin growth. We believe these assets could make more meaningful contributions as part of a larger energy organization. Collectively, these assets within the Oil & Gas market had required that our management team devote vital time and resources to focus on businesses that are non-core to our current strategy.

The good news is we have widespread interest for both the upstream and downstream pieces in Oil & Gas, and expect to complete these transactions by the end of the year. Also, we are pleased to announce that we successfully completed the sale of our Super Vessels business in the Energy segment in the third quarter. Not only did we remove a business that was non-core to our operations and dilutive to our financial performance, but we also transferred a 25-year lease obligation tied to the Super Vessel facility. I'll remind you that the removal of these operations provided a solid boost to our full year profitability.

Moving on, our additional divestiture activity includes plans to sell two businesses within our Defense segment, as well as two businesses within our Commercial/Industrial segment.

Starting in the Defense segment, we've classified an engineered packaging business and an aviation ground support equipment business as assets held for sale. The former serves the Defense markets while the latter serves the Commercial Aerospace market.

We also announced plans to divest two surface technology facilities within the Commercial/Industrial segment. Despite having sound technologies, these businesses are not in our mainstream and achieving the desired results of solid margin and market positioning would have taken considerably longer than desired. Management believes there would be a better strategic fit with different owners. The divestiture activity that we've put into action encompasses the bulk of the portfolio reshaping that we expect to accomplish.

Overall, these divestiture actions support our stated objectives to improve operating margins and returns and we have taken a giant step closer to achieving upper quartile status versus our peer

group. We also will pick up some additional cash once all of the transactions are completed and deploy the proceeds as part of our balanced capital allocation strategy.

Going forward, we are confident that we now have in place the strong asset base to achieve our long-term margin and cash flow goals. These actions reduce our volatility and will create more consistent results. Curtiss-Wright is now positioned as a less complex, more focused and certainly more profitable enterprise. Ensuring that our divisional management team has the proper focus is critical to driving our future success. Our divestiture actions should enable the team to have fewer distractions and remain focused on the core businesses. Finally, these actions will help advance our efforts to meet our long-term operational and financial objectives.

Now I'd like to turn the call over to Glenn to provide a review of our quarterly performance and the financial details surrounding these actions.

Glenn E. Tynan, Chief Financial Officer & Vice President

Thank you, Dave, and good morning, everyone. Our discussions today of current and future results are on a continuing operations basis, which excludes both the current quarter and last quarter's previously announced divestitures.

As Dave noted, we produced a strong third quarter led by improved sales and operating income in our Commercial/Industrial and Energy segments, as well as the benefit from our 2013 and 2014 acquisitions. On an organic basis, operating income increased 7% on a 4% increase in sales. Reported operating income rose 13% generating an operating margin of 13.3%, up 50 basis points from the prior year. This growth was led by our higher sales and the continued benefit of our operating margin improvement initiatives including lower corporate overhead costs related to our organizational realignment initiatives.

Diluted earnings per share from continuing operations of $0.90 in the third quarter increased 14% compared to the prior year. However, to further clarify the strength of our third quarter results, prior to the divestitures and relative to our previous guidance, our diluted earnings per share would have been approximately $0.95 for the third quarter. These results keep us on track for strong double-digit growth in earnings per share for 2014. We also had solid new orders during the third quarter, most notably within the international ground defense market for our turret drive stabilization systems. And finally, free cash flow for the third quarter was $50 million, slightly above the prior year period. And year-to-date, we have produced nearly $100 million in free cash flow and remain well ahead of 2013.

Moving on to the end markets, overall commercial market sales grew 8% during the third quarter, led by 2% organic growth, along with the benefits from acquisitions within the Commercial/Industrial segment. In Commercial Aerospace markets, we produced another solid quarter of organic sales growth, driven by higher sales on the Boeing 787 program as well as surface technology services supporting numerous customers. We remain well-positioned for continued solid growth based on the multi-year production up-cycle in this market.

In the Oil & Gas market, we generated strong organic sales growth of 10%, led by solid demand in our aftermarket business. This growth also reflects the removal of the slower growth downstream revenues, now part of discontinued operations.

Meanwhile, within the Power Generation market, we continue to experience lower revenues on both the U.S. and China AP1000 contracts, as well as lower sales to existing domestic operating reactors. As the year has progressed, US nuclear plant operators have faced increased headwinds such as lower demand and higher operating costs that have led to restricted operating budgets as well as increased regulatory requirements that together have contributed to deferring spending on

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plant maintenance, upgrades and power uprates. These challenges have also resulted in five plant closures over the last 18 months.

Moving forward, we believe that our product line diversity, notably for obsolescence solutions and our focus on emergent issues will help to mitigate these headwinds and position us to grow when normal market conditions return.

In the General Industrial market, higher sales were driven by a combination of solid 9% organic growth as well as our Arens Controls acquisition serving the on-road and off-road truck and specialty vehicle markets. Looking ahead, we remain optimistic for increased demand for our industrial vehicle products based on a solid growth outlook for OEMs and increasing global desire to reduce emissions.

Next, to the Defense markets, the sales increased 11% overall, 7% of which was organic. This performance was led by a 16% increase in Aerospace Defense due to higher demand for embedded computing products and several long-term production programs, most notably for helicopters and the JSF program. We also experienced another solid performance in our Naval Defense market where we continue to receive steady funding for key U.S. Navy shipbuilding programs.

Next, I would like to turn to our financial outlook, beginning with our end-market sales. Full year 2014 sales growth of 6% to 8% remains unchanged from our previous guidance. However, we have refined our expectations in each of our major end markets. Total Defense market sales are now expected to grow between 3% and 5%, essentially at the high end of our previous range. This change is primarily based on new orders and strong demand for our embedded computing products serving the Aerospace Defense market.

In addition, if we removed the sales attributable to the planned divestiture of our engineered packaging business, which provides products across all Defense markets. Curtiss-Wright remains well-positioned to continue to outpace the baseline DoD budget growth. Meanwhile, total commercial sales are now expected to grow between 8% and 10%. We've made some modifications within the commercial end markets, as you can see herewith.

In Commercial Aerospace, we removed the sales for the planned divestiture of the aviation ground support equipment business. In Oil & Gas, we removed the sales for the planned divestiture of the upstream and downstream businesses, partially offset by improved optimism within our remaining businesses.

In Power Generation, we lowered the growth rate to reflect our expectation for reduced sales in the nuclear aftermarket and AP1000 new build businesses.

And in General Industrial, we removed the sales for the planned divestiture of the surface treatment businesses while also increasing our sales guidance tied to the industrial vehicle sales.

Continuing with our financial outlook, I'll start with the changes to segment sales, which ties to the end-market changes that I just discussed along with the following notes. Higher sales in the Commercial/Industrial segment relate to improved expectations for increased sales of severe service industrial valves and industrial vehicles. Lower sales in the Defense segment primarily reflect the removal of the businesses to be divested. And the most significant change took place in the Energy segment, which reflects the removal of the downstream and upstream Oil & Gas businesses.

Next, I'll discuss updates to our segment operating income and margin guidance. Notice that the updated guidance for each segment reflects incremental operating margin improvement initiatives and the full year impact of discontinued operations.

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Starting with Commercial/Industrial, our guidance essentially remains unchanged. We are projecting more than a 200 basis point increase in operating margins to a range of 13.1% to 13.2% compared to our 2013 results.

Next, to Defense, segment operating income was reduced by $6 million to reflect the impact of discontinued operations, as well as reduced operating income due to lower AP1000 revenues, which I noted earlier.

However, our segment margin guidance increased 20 basis points to a new range of 13.9% to 14% due to the impact of divestitures.

Moving on to Energy, segment operating income was reduced by $5 million to reflect the impact of discontinued operations and to a lesser extent, the impact of lower Power Generation after-market revenues.

However, our divestiture actions resulted in a significant improvement in operating margins, reflecting the benefit of removing the Oil & Gas businesses. As a result, we are now projecting a margin range of 15.3% to 15.4%, up approximately 550 basis points from our prior guidance. Note that this is nearly double the previously reported 2013 results.

We also made a few offsetting tweaks to the corporate expenses. We lowered our pension expense by approximately $3 million to reflect a curtailment charge that is now expected to take place in 2015. And we increased our corp. and other expenses by $3 million to reflect the impact of higher foreign currency exchange losses.

Overall, Curtiss-Wright's total operating income guidance decreased by approximately $9 million, but still reflects a growth range of 17% to 21% in 2014, while our operating margin has expanded another 110 basis points to a new range of 12.2% to 12.4%. We have adjusted our 2014 guidance for diluted earnings per share to a new range of $3.40 to $3.50, down $0.10 compared to our prior guidance.

However, as highlighted in the earnings release. The breakdown of our diluted earnings per share guidance change is as follows: a $0.07 increase due to the incremental operating margin improvement initiatives, a $0.05 increase due to the adjustment in our end-market sales as well as updates to interest, taxes and shares outstanding, partially offsetting a $0.22 decrease based on the net full year impact of moving certain businesses into discontinued operations. So, despite the negative impact to diluted earnings per share resulting from the removal of those businesses, we expect to overcome more than half of that $0.22 decline, as we drive our enterprise-wide focus on operating margin expansion.

Next to our cash flow, year-to-date, we have produced strong cash flow from operations of $153 million, leading to nearly $100 million in free cash flow. Both the quarter and year-to-date performance have benefited from higher cash earnings and higher deferred revenues.

We remain on track with our full-year free cash flow guidance of $180 million to $200 million and are not making any changes at this time. We expect the improvement over 2013 to be based on expectations for working capital improvements, which is consistent with our goal to maintain a free cash flow conversion rate of at least 100%.

Now, I'd like to turn the call back over to Dave to provide an update on our specific margin improvement initiatives and future outlook. Dave?

David Charles Adams, President, Chief Executive Officer & Director

Thank you, Glenn. We remain on track thus far with our operating margin improvement initiatives. Clearly, the portfolio rationalization activities were a big highlight for this quarter. Looking out over the next few years, you should expect to hear more about the following areas as concrete drivers of further operating margin expansion under One Curtiss-Wright: lean and operational excellence initiatives, supply chain initiatives, shared services and, finally, consolidation programs.

We're well on our way to upper quartile performance versus our peer group and our management team is driven and focused to achieve our long-term objectives.

Next, I'd like to discuss our share repurchase program. Year-to-date through September 30 we've repurchased $45 million in stock under our share buyback program. We will remain active through the end of 2014 as we spend the $21 million remaining under the prior authorization.

In September we announced that the Board of Directors authorized a new $300 million share repurchase program to begin in 2015. Both the management team and the Board believe it's appropriate to reward our shareholders with increased distributions in the form of share repurchases and dividends.

Over the next few months, we will be finalizing our 2015 capital allocation plan and thus far, we have expectations for a solid cash position in 2015. In addition, we expect to use a portion of the proceeds from our divestitures to fund some of the share repurchase activity in 2015. However, as we have not yet closed all of these transactions, we have yet to determine the specific size or amount that we will dedicate to the repurchase program. At our next earnings call in February, we will provide you with a complete summary on our free cash flow outlook and expectations for share repurchase activity.

As we continue to state, Curtiss-Wright remains committed to our goal to have more balanced capital allocation between capital expenditures, returns to shareholders and strategic bolt-on acquisitions.

To recap, our continued strong operating results paired with the portfolio rationalization actions we've taken thus far have led to significant improvement in operating margins, EPS, and return on invested capital. We are on a well-defined path to meet these objectives and have demonstrated great success thus far.

I wanted to reflect on some of the highlights since our Investor Day last December comparing our 2014 projections to our actual 2013 results.

Operating margin guidance at the new midpoint of 12.3% reflects a 300 basis point improvement in 2014. Full year EPS is expected to grow nearly 20% compared to 2013, and ROIC increased another 120 basis points in the third quarter alone, and now we're expecting it to be at 9.9% for 2014, up 250 basis points over our reported 2013 results.

Our operating teams are focused on the goal of driving toward top quartile performance compared to our peers for all of our key operating metrics. We certainly have made some significant strides, and I'm very proud of what the team has achieved thus far in 2014.

In summary, we remain on track for a strong year in terms of operating income, operating margin expansion, EPS and free cash flow. We are very confident that our continual efforts to improve margin expansion and free cash flow generation will produce long-term shareholder value.

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

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QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Our first question comes from Sam Pearlstein from Wells Fargo. Your line's open. Please go ahead.

<A – Dave Adams – Curtiss-Wright Corp.>: Hi, Sam.

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

<Q – Sam Pearlstein – Wells Fargo Securities LLC>: I'm sure you're not going to be surprised by the question, but given where you are at the end of the year in terms of the guidance on the operating margin, it would seem to imply you only have about 160 basis points left to get over the next four years to get your 14%. So, that's certainly a lot more modest than what you've done this year. And so how should we think about that and whether the target could be moved higher now with a different portfolio after the shaping?

<A – Dave Adams – Curtiss-Wright Corp.>: Yeah, I sort of expected you to ask that question. It's, as I say, it's one step at a time. I'll characterize it this way, though, in all the conferences that we attend and people we speak with. This is basically, it's a journey as we stated earlier on last December. We did have low hanging fruit that we took advantage of and we've capitalized upon, as you can see from the results. We'll continue to take some of that low hanging fruit. Some of the others that I described in my notes are, let's say, a little bit higher. They take a little bit longer throughout that journey. But one step at a time, and I'm all about making a promise and trying to over-deliver on it. That's where we're going with this business. And as we go along the way over the next several years, we'll see where that takes us. But I'm very optimistic that we're doing what we said we were going to do and we'll be very successful.

<Q – Sam Pearlstein – Wells Fargo Securities LLC>: And would you say the divestitures are pretty much complete in terms of what's been announced or are there still other opportunities, number one. And then, number two, is there any way to think about what the total gross proceeds kind of order of magnitude might look like, or how to think about that?

<A – Dave Adams – Curtiss-Wright Corp.>: With the first part of the question, we have taken a hard look at our portfolio. We started that last year, early on, and we expect that by the end of this year, this really wraps it up. So, I feel confident that we will have achieved the core strategy, marketplaces that – where we want them to be and where we're going to drive. And right now, since we are in the process of – we are in the actual process of selling these businesses, I really can't talk to the proceeds from those.

<Q – Sam Pearlstein – Wells Fargo Securities LLC>: And just one last question for Glenn. Depreciation, amortization looks like it's a little bit lower, net income is a little bit lower, CapEx is the same. What's the offset to keep the free cash flow outlook in the same ballpark or does it just mean you're shifting where you're comfortable within that range?

<A – Glenn Tynan – Curtiss-Wright Corp.>: We believe that – I'm not sure that the depreciation, amortization is going to drop by that amount. Realize that – that's probably not correct, and we will get that corrected. So our free cash flow guidance has essentially stayed the same from the last quarter, my apologies.

<Q – Sam Pearlstein – Wells Fargo Securities LLC>: Okay. Thank you.

Operator: Thank you. And our next question comes from Myles Walton from Deutsche Bank. Your line is open. Please go ahead.

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

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

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Maybe just one follow-up on that one real quick, Glenn. So, the free cash flow guidance stayed the same, but you lost $0.22 of underlying operations that probably produced $10 million a year in free cash flow, is that about right? And so you're kind of just moving within the range or if you had left them in, you would have raised the range?

<A – Glenn Tynan – Curtiss-Wright Corp.>: Well, the way – disc ops stay in your cash flow until they're gone, right.

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

<A – Glenn Tynan – Curtiss-Wright Corp.>: So that – that's the reason why. But you're correct that they do stay in the cash flow statement. That's why we didn't really make a change.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: And is the $0.22 that you're looking at for this year in terms of excluding them, was that – how much off of their – have these been persistently at that range or are these kind of towards trough conditions because of their end markets being depressed?

<A – Glenn Tynan – Curtiss-Wright Corp.>: They were low, I don't know about the range – but I mean they were our lower margin businesses. I mean, maybe I am not answering your question, but...

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: I'm just curious have they always been lower margin and struggling or are they towards trough conditions within their end markets and that's what's kind of motivating the factor?

<A – Glenn Tynan – Curtiss-Wright Corp.>: Well, a little bit of both. I mean in the upstream, they weren't really trough, that was a steadily growing business, it's just not core anymore. Some of the other ones were – I don't know if they are trough or not, but they were just not making any progress towards and we really made the evaluation that it really – we couldn't really – we don't have a path to get them there and they really will operate more efficiently we think in a different organization.

<A – Dave Adams – Curtiss-Wright Corp.>: Myles, let me just add a little bit of color to that. Prior to 2008, I'm thinking of 2004, 2005, that particular element of the business was the top producer in terms of Curtiss-Wright and it did a phenomenal job for us, and it just was – as we grew and as we have grown and developed a strategy that's in other core areas, we really looked at where this can take us in terms of what we would have to put into the businesses to bring them back to what they were. They are still performing on the upstream side and have been performing well and downstream as I've mentioned the last couple of calls, we've seen some optimism in some market return out there, which has been very encouraging for us. But frankly with the longer-term view that strategically it's something that for us to achieve critical mass, we would had to have put in a significant amount of money to achieve the similar kind of critical mass we have in the balance of the company as it exists today it without these.

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

<A – Dave Adams – Curtiss-Wright Corp.>: So, it's really a strategic move.

<Q – Myles Walton – Deutsche Bank Securities, Inc.>: Okay and then I may have missed at the beginning with two quick ones. One is your carrying value for the assets, that is on the balance

sheet, I believe $360 million. And I imagine that's been market tested and is that a fair representation of what we should think about as proceeds pre-tax, pre-gain or not?

And then number two for Glenn on pension for next year in terms of 2015, are there any guideposts that you could give us on the headwind there that might occur from discount rates and mortality tables and anything else?

<A – Glenn Tynan – Curtiss-Wright Corp.>: Well, I'll answer the pension one first. We're not anticipating any major changes right now, at least preliminarily. You know we go through our preliminary assessment now and then obviously in January we do the full assessment, but initial indications there's nothing dramatic. On the – again on the book value, again, we can't really comment on the – on the proceeds. I mean it's just because we're in the middle of all those transactions right now, I don't think it would be appropriate to. So, you're perfectly fine making it yourself, but I don't think we should comment on that at this time.

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

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

Operator: Thank you. And our next question comes from Michael Ciarmoli from KeyBanc Capital. Your line is open. Please go ahead.

<Q – Mike Ciarmoli – KeyBanc Capital Markets, Inc.>: Hey, good morning, guys. Nice quarter. Thanks for taking the question.

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

<Q – Mike Ciarmoli – KeyBanc Capital Markets, Inc.>: Maybe, Dave or Glenn, just to stay on the line of questioning where Sam was on the margin potential and the target. Has anything, if I quickly look from my notes here and do the back of the envelope, I mean you guys talked about savings coming from $5 million from low-cost countries. I think rationalizing the segments, $40 million.

I mean it looks like you still have a lot of that dry powder left after the divestitures, which seemingly does put you well above that 14% target. I mean, has anything changed there? I mean I guess you've attacked the portfolio rationalization first. So I guess what I'm looking for has anything changed or can you give us an update on some of the other operational improvement initiatives? Maybe where you are in those savings of shared services, site consolidations, move to low-cost countries?

<A – Dave Adams – Curtiss-Wright Corp.>: Yes, good question, Mike. We do continue on with the lean, operational excellence type initiatives, continuous improvement, if you will. We have had those for as long as I've been with the company, but obviously with a more focused approach these days. And yes, there is more to come from that from the lean side there. As far as I'm concerned and the rest of the management team, there will always be opportunity for making these organizations leaner. Certainly on the supply chain side, I'd characterize that as being a, let's say, a less faster turning type ship approach. In other words, the supply chain is something that's more characteristic of multiyear kind of contracts, takes you a year or so to roll off of the existing contracts.

So you can think of that as being now some of those are rolling off, we're rolling into some new contracts. We are spending about $1.5 billion this year. We want to save what we have stated before, we want to save about 3% of that, and that's not all in one year, that's over a period of time. So, that will bear fruit as we move along.

Shared services, we're doing quite well in two of the three areas, HR being really the last and the freshest and we're working on that right now. So we would anticipate that over the next several years, we'll start to see the fruit of that labor come to fruition, and we see some definitely good benefits there. It's not necessarily a completely centralized approach, but it is a shared services approach that really maximizes the efficiency that you can utilize and improve the output.

And then lastly consolidation, restructuring, some of those. I've talked in the past about how we take those on a basis of when a, for example, a lease arrangement comes due and we do look at those. We have a few that we're looking at next year. And so we will gain some benefit from those as well and it will go into – couple of them will go into 2016. But it's a pretty well-defined roadmap for us that we've looked out to what we started with 2018, and now we've refreshed it for ourselves to include 2019.

And to answer Sam and your questions a little bit further, not every business unit within our portfolio is at 14%, there are some that are over that, there are some that are under that, and we really don't sit still on those targets. In other words, even though someone might be above that, we do challenge the management team and incentivize them to go beyond.

So it's not something that's going to end, and like I said before, I feel really great about the way we're really producing so far.

<Q – Mike Ciarmoli – KeyBanc Capital Markets, Inc.>: Okay, perfect. That's helpful. That's helpful. What about on, if I look, you've obviously had a number of divestitures – working capital still remains elevated, and I know that's one of the things you wanted to attack. Do some of these Oil & Gas divestitures, just knowing the big major projects that they were, will that result in a material change to working capital, lowering that working capital number for the remainder of this year or even into next year?

<A – Glenn Tynan – Curtiss-Wright Corp.>: No, they don't have a material impact, believe it or not.

<Q – Mike Ciarmoli – KeyBanc Capital Markets, Inc.>: Okay. Okay and then just a last one from me. Can you actually quantify, it looks like I guess those assets were generating $300 million. I mean can you give us what they were run rating in terms of annual revenues and operating income?

<A – Glenn Tynan – Curtiss-Wright Corp.>: Well, I can give you the revenue piece at least. The downstream businesses combined were about $290 million in revenues. The Defense businesses were about $50 million in annual revenue, and the surface tech combined was $5 million.

<Q – Mike Ciarmoli – KeyBanc Capital Markets, Inc.>: Perfect. Thanks a lot guys.

<A – Glenn Tynan – Curtiss-Wright Corp.>: You got it. Thanks, Mike.

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

Operator: Thank you. And our next question comes from Jim Foung from Gabelli & Company. You line is open. Please go ahead.

<Q – Jim Foung – Gabelli & Company, Inc.>: Hi, good morning, Dave and Glenn.

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

<Q – Jim Foung – Gabelli & Company, Inc.>: I was just wondering if you could just share with us your – kind of from a top level point of view your rationale for putting these businesses into discontinued operations, and then your rationale for what you may want to buy in the future?

<A – Dave Adams – Curtiss-Wright Corp.>: The disc op approach seemed to be the most appropriate for us. As I indicated, we have widespread interest in – by various parties in the acquisition of those. And we – you had seen what we did in second quarter with the Super Vessels and from a financial and accounting perspective that just seemed to work out best for us.

And in terms of where we look going forward, I've indicated that our capital allocation plan has been – we're looking at it from a balanced perspective, but I have limited the acquisitions to bolt-on and strategic, and I'm still there. And those will be, as I've said in the past, aimed more in the areas where we do have a good critical mass and where we're growing. I like the industrial sector, I like the sensors within that group and we've done very well with those. And with the acquisitions we made in 2012, we had some just phenomenal acquisitions that have done excellent for us and look to be great over the next five years, ten years out. So I like those, and those are general industrial.

The defense side, it's still of interest to us with the right kind of application, but I'd say not as high on the list. And I have always talked about some of the MRO side as being something that I'm always interested in on the nuclear aspect. The obsolescence area, we have done very well in despite some of the – let's say, near-term sort of headwinds that the market is seeing because of some of the push out of funding, but that funding is going to come back and we feel good about it. They need to continue to run these plants and they'll need to continue to have the expertise of people and products like we have in particular on the obsolescence side. So I look at those, but right now, it's going to be a continued focus on strategic bolt-ons for the next 18 or some months.

<Q – Jim Foung – Gabelli & Company, Inc.>: So, I presume that because you have this 14% operating margin target that all these businesses that you may acquire in the future have the potential to meet or exceed that targeting?

<A – Dave Adams – Curtiss-Wright Corp.>: Yeah. When we look at the opportunities, what we're looking at are high performers and definitely not fixer-uppers. And so, when I look at acquisitions and we continue to do so, I see them on a weekly basis as our folks bring them in, and we are looking for those that are in the higher margin areas, so that we don't come in with a dilutive approach per se. I really don't want to go back to fixer-upper. I could certainly look at a, let's say, a strategic that may have an opportunity for consolidation, because you know that's where we're going to really make margin gains is consolidating the factories and/or sales or whatever the consolidation opportunity might be.

<Q – Jim Foung – Gabelli & Company, Inc.>: Okay, and then just for clarification, what are the surface treatment facilities that you put in discontinue op? Those are not the shot peening businesses are they?

<A – Glenn Tynan – Curtiss-Wright Corp.>: No, no, one is a – it's like a reed valve, these are extraneous to the mainstream applications that surface tech applies, so it is similar to them. So, a little small one-off reed valve business is one of them and the other is a kind of a fabrication facility that isn't core – neither one are core.

<Q – Jim Foung – Gabelli & Company, Inc.>: Right, okay. And then the upstream processing was the Cimarron business that you indicated.

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

<Q – Jim Foung – Gabelli & Company, Inc.>: Okay. Okay. That's all I have. Thank you.

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

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

Operator: Thank you. [Operation Instructions] And our next question comes from Kristine Liwag from Bank of America Merrill Lynch. Your line is open. Please go ahead.

<Q – Kristine Liwag – Bank of America Merrill Lynch>: Hi, good morning.

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

<Q – Kristine Liwag – Bank of America Merrill Lynch>: Just to get a little bit more clarification of a couple items. As you already mentioned on the free cash flow outlook, the $0.22 in discontinued ops is included in that outlook, but since you raised your operating EPS by about $0.12, is there another cash headwind that will offset that incremental earnings since your full year free cash flow outlook is unchanged?

<A – Glenn Tynan – Curtiss-Wright Corp.>: Yes, I mean, anytime we do a forecast, there are puts and takes, right. So there are always risks to the forecast as well as usually there is more risk than there are opportunities. But – so we are comfortable in the range – there are ups and downs all over the place, but considering all of that, we are comfortable with the range we're at right now and being able to deliver that.

<Q – Kristine Liwag – Bank of America Merrill Lynch>: Sure. And one more clarification and question. Your revised revenue outlook for 2014, does that factor into discontinued ops for the full-year run rate for 2014 or just through the second half of the year?

<A – Glenn Tynan – Curtiss-Wright Corp.>: It's the full-year impact.

<Q – Kristine Liwag – Bank of America Merrill Lynch>: Okay, great. Thank you.

<A – Glenn Tynan – Curtiss-Wright Corp.>: Yeah, you're welcome.

Operator: Thank you. I'm showing no further questions at this time, gentlemen. I'd like to hand the conference back over to Mr. Dave Adams for closing remarks.

David Charles Adams, President, Chief Executive Officer & Director

Thanks, Sayeed. Thank you all for joining us today and we look forward to speaking with you again during our fourth quarter 2014 earnings call. Have a great day. Bye, bye now.

Operator: Ladies and gentleman, thank you for participating in today's conference. This concludes our program. You may all disconnect, and have a wonderful day.

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