CURTISS WRIGHT CORP

FORM 10-Q
(Quarterly Report)

Filed 11/14/1994 For Period Ending 9/30/1994

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

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 1994

Commission File Number 1-134

CURTISS-WRIGHT CORPORATION

(Exact name of Registrant as specified in its charter)

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

(201) 896-8400

(Registrant's telephone number, including area code)

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

Yes X No

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

Common Stock, par value $1.00 per share: 5,059,053 shares (as of October 29, 1994)

CURTISS-WRIGHT CORPORATION AND SUBSIDIARIES

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Item 1 - Financial Statements

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

	September 30, 1994	December 31, 1993
Assets:		
Cash and cash equivalents	$ 5,208	$ 20,349
Short-term investments	71,969	54,811
Receivables, net	32,070	27,333
Income taxes refundable		255
Deferred tax asset	9,055	8,882
Inventories	24,171	22,455
Other current assets	1,722	2,142
Total current assets	144,195	136,227
Property, plant and equipment, at cost	208,987	208,791
Less, accumulated depreciation	143,178	137,361
Property, plant and equipment, net	65,809	71,430
Prepaid pension costs	26,687	24,062
Other assets	5,290	5,228
Total assets	$241,981	$236,947
Liabilities:		
Current portion of long-term debt	$ 1,391	$ 124
Accounts payable and accrued expenses	17,461	14,990
Dividends payable	1,264	
Income taxes payable	1,927	
Other current liabilities	18,292	28,401
Total current liabilities	40,335	43,515
Long-term debt	13,047	14,426
Deferred income taxes	7,080	6,354
Accrued post retirement benefit costs	10,844	10,376
Other liabilities	15,738	18,045
Total liabilities	87,044	92,716
Stockholders' equity:		
Common stock, $1 par value	10,000	10,000
Capital surplus	57,172	57,172
Retained earnings	271,115	261,356
Unearned portion of restricted stock	(9)	(87)
Equity adj from foreign currency translation	(993)	(1,862)
Subtotal	337,285	326,579
Less, cost of treasury stock	182,348	182,348
Total stockholders' equity	154,937	144,231
Total liab & stockholders' equity	$241,981	$236,947

See notes to consolidated financial statements.

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
CONSOLIDATED STATEMENTS of EARNINGS
(UNAUDITED)
(In thousands except per share data)

	Nine Months Ended September 30, 1994	Nine Months Ended September 30, 1993	Three Months Ended September 30, 1994	Three Months Ended September 30, 1993
Revenues:				
Sales	$114,819	$117,932	$38,792	$36,296
Rentals & gains on sales of real estate & equipment	6,411	6,207	2,273	2,041
Interest, dividends and gains (losses) on sales of short-term investments, net	2,509	1,975	819	413
Other income, net	249	281	17	54
Total revenues	123,988	126,395	41,901	38,804
Cost and Expenses:				
Product and engineering	79,387	83,659	27,142	26,382
Selling and service	4,108	4,584	1,462	1,478
Administrative and general	19,464	20,907	6,477	6,669
Interest	274	430	93	108
Total costs and expenses	103,233	109,580	35,174	34,637
Earnings before taxes and cumulative effect of changes in accounting principles	20,755	16,815	6,727	4,167
Provision for income taxes	6,958	6,003	2,560	1,495
Earnings before cumulative effect of changes in account'g principles	13,797	10,812	4,167	2,672
Cumulative effect of changes in accounting principles (net of applicable taxes)	(244)	(2,671)		
Net earnings	$ 13,553	$ 8,141	$ 4,167	$ 2,672
Weighted average number of common shares outstanding	5,061	5,061	5,061	5,061
Net earnings per common share:				
Earnings before cumulative effect of changes in accounting principles	$2.73	$2.14	$ .82	$ .53
Cumulative effect of changes in accounting principles	(.05)	(.53)		
Net earnings per common share	$2.68	$1.61	$ .82	$ .53
Dividends per common share	$ .75	$ .75	$ .25	$ .25

See notes to consolidated financial statements.

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
CONSOLIDATED STATEMENTS of CASH FLOWS
(UNAUDITED)
(In thousands)

	Nine Months Ended September 30, 1994	1993
Cash flows from operating activities:		
Net earnings	$ 13,553	$ 8,141
Adjustments to reconcile net earnings to net cash provided by (used for) operating activities:		
Cumulative eff of changes in acctg principles	244	2,671
Depreciation and amortization	8,109	8,971
Net gains on sales of short-term investments	(1,246)	(171)
Increase (decrease) in deferred taxes	684	(1,526)
Changes in operating assets and liabilities:		
Proceeds from sales of trading securities	103,699	
Purchases of trading securities	(116,691)	
(Increase) decrease in receivables	(7,155)	382
Increase in retainages		(440)
(Increase) decrease in inventory	(2,847)	297
Increase (decrease) in progress payments	3,549	(2,351)
Inc (dec) in accts payable & accrued expenses	922	(133)
Increase (decrease) in income taxes payable	2,182	(2,323)
Increase in other assets	(2,267)	(2,516)
Increase (decrease) in other liabilities	(4,814)	1,400
Litigation settlement	(8,880)	
Other, net	1,003	289
Total adjustments	(23,508)	4,550
Net cash provided by (used for) operat'g activities	(9,955)	12,691
Cash flows from investing activities:		
Proceeds on sales of real estate and equipment	759	291
Additions to property, plant and equipment	(3,303)	(4,312)
Proceeds from sales of short-term investments		364,970
Purchases of short-term investments		(385,591)
Net cash used by investing activities	(2,544)	(24,642)
Cash flows from financing activities:		
Principal payments on long-term debt	(112)	(3,862)
Dividends paid	(2,530)	(2,530)
Net cash used by financing activities	(2,642)	(6,392)
Net decrease in cash and cash equivalents	(15,141)	(18,343)
Cash and cash equivalents at beginning of period	20,349	28,134
Cash and cash equivalents at end of period	$ 5,208	$ 9,791

See notes to consolidated financial statements.

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
CONSOLIDATED STATEMENTS of STOCKHOLDERS' EQUITY
(UNAUDITED)
(In thousands of dollars)

	Common Stock Shares Issued	Common Stock Amount	Capital Surplus	Retained Earnings	Unearned Portion of Restricted Stock	Equity Adjustments from Foreign Currency Translation	Treasury Stock Shares	Treasury Stock Amount
December 31, 1992	10,000,000	$10,000	$57,062	$272,038	$(317)	$(1,231)	4,939,257	$182,348
Net earnings (loss)				(5,623)				
Common dividends				(5,059)				
Amortization of unearned portion of restricted stock			110		230			
Translation adjustments, net						(631)		
December 31, 1993	10,000,000	10,000	57,172	261,356	(87)	(1,862)	4,939,257	182,348
Net earnings				13,553				
Common dividends				(3,794)				
Amortization of unearned portion of restricted stock					78			
Translation adjustment, net						869		
Sept. 30, 1994	10,000,000	$10,000	$57,172	$271,115	$ (9)	$ (993)	4,939,257	$182,348

See notes to consolidated financial statements.

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES

NOTES to CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION

The information furnished in this report reflects all adjustments, consisting primarily of normal recurring accruals, which are, in the opinion of management, necessary for a fair statement of the results for the interim periods presented. The unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Corporation's 1993 Annual Report to Stockholders. The results of operations for these interim periods are not necessarily indicative of the operating results for a full year.

2. CHANGES IN ACCOUNTING PRINCIPLES

Effective January 1, 1994, Curtiss-Wright adopted Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" (SFAS No. 112). This statement requires that provision be made for benefits for former or inactive employees, after employment but before retirement, such as salary continuation, severance benefits and disability-related items. Under the new accounting rules, the Corporation recorded a projected obligation for these benefits of $375,000. This obligation resulted in an after-tax charge to earnings for the first quarter of 1994 of $244,000 or $.05 per share.

3. SHORT-TERM INVESTMENTS

Effective January 1, 1994, the Corporation began accounting for its short-term investments in accordance with Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" (SFAS No. 115). This statement requires that the Corporation's investments in equity securities be classified as "trading securities" or "available for sale securities." The Corporation's short-term investments are comprised of marketable equity and non-equity securities, all classified as trading securities at September 30, 1994, under SFAS No. 115.

Short term investments have an aggregate cost of $73,523,000 and an aggregate market value of $71,969,000 at September 30, 1994, compared to an aggregate cost of $54,811,000 and an aggregate market value of $54,869,000 at December 31, 1993. Included in the determination of net earnings were net realized gains on the sales of short-term investments, determined on the specific identification cost basis, totaling $2,800,000 and $206,000 for the first nine months of 1994 and 1993, respectively. Also included in the determination of net earnings were net unrealized holding losses on trading securities totaling $1,544,000 and $35,000 for the first nine months of 1994 and 1993, respectively.

4. RECEIVABLES Receivables, at September 30, 1994 and December 31, 1993, include amounts billed to customers and unbilled charges on long-term contracts consisting of amounts recognized as sales but not billed at the dates presented. Substantially all amounts of unbilled receivables are expected to be billed and collected within a year. The composition of receivables for those periods is as follows:

	(In thousands)	
	September 30, 1994	December 31, 1993
Accounts receivable, billed	$26,319	$25,004
Less: progress payments applied	2,460	4,108
	23,859	20,896
Unbilled charges on long-term contracts	26,282	20,265
Less: progress payments applied	17,001	12,935
	9,281	7,330
Allowance for doubtful accounts	(1,070)	(893)
Receivables, net	$32,070	$27,333

5. INVENTORIES Inventories are valued at the lower of cost (principally average cost) or market. The composition of inventories at September 30, 1994 and December 31, 1993 is as follows:

	In thousands	
	September 30, 1994	December 31, 1993
Raw material	$ 4,740	$ 5,626
Work-in-process	11,490	7,905
Finished goods	1,666	2,385
Inventoried costs related to U.S. Gov't and other long-term contracts	10,091	9,224
Total inventories	27,987	25,140
Less: progress payments applied, principally related to long-term contracts	3,816	2,685
Net inventories	$24,171	$22,455

6. CONSOLIDATED STATEMENTS OF CASH FLOWS

Interest payments totaling $305,000 and $440,000 were made primarily in association with long-term debt in the first nine months of 1994 and 1993, respectively. The Corporation made estimated federal income tax payments totaling $3,400,000 and $7,295,000 in the first nine months of 1994 and 1993, respectively.

Cash flows from purchases and sales of trading securities have been classified as cash flows from operating activities for the first nine months of 1994, in accordance with SFAS No. 115. Cash flows from purchases and sales of short-term investments for the first nine months of 1993 are classified as investing activities.

7. EARNINGS PER SHARE

Earnings per share were computed by dividing the applicable amount of earnings by the weighted average number of common shares outstanding during each period shown in the accompanying Consolidated Statements of Earnings.

PART I - ITEM 2
CURTISS-WRIGHT CORPORATION and SUBSIDIARIES

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

RESULTS OF OPERATIONS:

Curtiss-Wright Corporation reported consolidated net earnings for the third quarter of 1994 totaling $4.2 million or $.82 per share, a 56% increase compared with net earnings of $2.7 million or $.53 per share reported in the third quarter of 1993. Excluding the effects of accounting changes in both years, net earnings for the first nine months of 1994 totaled $13.8 million or $2.73 per share, showing a 28% improvement over comparable period 1993 earnings of $10.8 million or $2.14 per share. Net earnings of both nine month periods were reduced by charges for required accounting changes which were recorded in the first quarter of each year. Net earnings for 1994 were reduced by $.2 million or $.05 per share for a change in accounting for postemployment benefits, while 1993 net earnings were reduced by $2.7 million or $.53 per share for the net effect of changes in accounting for postretirement benefits and income taxes. Overall, earnings before taxes and accounting changes increased for the third quarter and first nine months of 1994, as compared with the prior year's results, largely due to improvements in sales of shot peening, aerospace overhaul services and spare parts. Cost containment measures, reduced administrative expenses and the absence of environmental charges recorded in the nine month 1993 period were key factors in producing better 1994 results.

Sales for the third quarter of 1994 totaled $38.8 million, a 7% improvement compared with sales of $36.3 million recorded in the third quarter of 1993. Sales for the first nine months of 1994 were slightly below sales totals of the same prior year period, totaling $114.8 million in the 1994 period compared with $117.9 million in the 1993 period. New orders declined for both the third quarter and nine month periods of 1994, totaling $29.0 million and $87.6 million, respectively, as compared with new orders of $40.0 million and $105.7 million received in the same respective periods of 1993. The decline in orders is largely attributable to a high level of engineering and manufacturing development orders received in 1993, as well as a general decline in new aerospace production programs. The backlog of unshipped orders for the Corporation totaled $122.0 million at September 30, 1994, compared to $139.8 million at September 30, 1993.

Segment Performance:
Aggregate pre-tax operating income generated by the Corporation's three business segments improved in the third quarter of 1994, totaling $6.6 million, compared with operating income of $4.6 million for the third quarter of 1993. For the first nine months of 1994, segment operating income also surpassed the same period 1993 levels, totaling $20.0 million in 1994, compared with $18.2 million in 1993.

The Corporation's Aerospace segment posted sales declines of 15% for the third quarter and 12% for the first nine months of 1994, respectively, when compared with those same period results of 1993. Sales totaled $19.3 million for the third quarter of 1994, compared with $22.6 million in the same quarter of 1993 and were $63.2 million for the first nine months of 1994, compared with $71.7 million in the same nine month period of 1993. The sales declines in both periods in comparison with the prior year primarily reflect lower volume and reduced pricing on actuation products for the F-16 military program, as well as lower production of actuation products for Boeing commercial transport aircraft. Sales of aerospace spare parts and overhaul services increased significantly for the nine month 1994 period over the nine month 1993 period, but did not offset the declines in sales on major aerospace production programs over the same periods. Pre-tax operating income for the Aerospace segment improved significantly in the third quarter of 1994 totaling $4.2 million, a 20% increase from the same period of 1993. The current improvements are largely due to cost containment efforts and increased sales of actuation spare parts and overhaul services. Operating income for this segment totaled $12.5 million in the first nine months of 1994, slightly below operating income of $12.7 million for the same nine month period of 1993. New orders recorded in both periods of 1994, however, are substantially below the order levels of the same respective periods of 1993. The decline in orders reflects a non-recurrence of the high level of engineering and manufacturing development orders for the F-22 program received in 1993 and a lack of new aerospace production programs to replace orders received in the prior year for the matured F-16 program.

Sales for the Industrial segment totaled $12.8 million and $32.1 million for the third quarter and first nine months of 1994, respectively. Sales and operating income for both 1994 periods increased when compared with the results reported in the same respective periods of 1993. Improvements in the Industrial segment's performance were largely due to higher sales of shot peening and heat treating services to automotive industry customers and improved sales of industrial valves for other commercial customers. New orders received in the third quarter of 1994 were $12.9 million compared to orders of $8.2 million received in the third quarter of 1993. For the first nine months of 1994, new orders totaled $35.5 million compared to $27.9 million for the first nine months of 1993. The increases in sales and new orders for the 1994 periods are largely due to improved worldwide economic conditions which had hindered sales and orders for our shot peening and heat treating services in 1993.

Sales for the Flow Control and Marine segment totaled $6.7 million and $19.5 million for the third quarter and first nine month periods of 1994, respectively; both periods showing increases from sales of $4.9 million and $18.2 million recorded in the third quarter and first nine month periods of 1993. The improvements are primarily due to the progress achieved on long- term military valve contracts. Segment operating income for the third quarter continued at a level consistent with that of the first two quarters of 1994 and compared favorably to a small loss which was reported in the third quarter of 1993. New orders received by the Flow Control and Marine segment were $2.0 million for the third quarter of 1994 and total $7.0 million for the first nine month period. New order levels for both 1994 periods are well below the levels recorded in the same 1993 periods primarily due to valve production orders received in the prior year for use in the U.S. Navy's next aircraft carrier currently being built. The Flow Control and Marine segment has, however, received a $4.5 million contract in October 1994 to develop a series of new valves for the Navy's next generation of attack submarines.

Other Revenues and Costs:
Other revenue recorded by the Corporation improved over the prior year in both the third quarter and first nine month periods of 1994, totaling $3.1 million and $9.2 million, respectively, as compared with $2.5 million and $8.5 million recorded in the same respective periods of 1993. The increases in both periods primarily reflects higher overall investment income for 1994 as compared with 1993.

Operating costs for the Corporation as a whole increased slightly for the third quarter primarily due to higher sales, but were 6% lower for the nine month period when comparing costs incurred in the 1994 periods with those of the same respective periods of 1993. Lower costs for the nine month 1994 period is generally reflective of cost containment measures and lower Corporate administrative costs primarily associated with reduced personnel costs. Administrative and general expenses had also been increased in the nine month 1993 period by a $.8 million charge for estimated future environmental costs. Administrative expenses for the first nine months of both years were reduced by $2.6 million for accrued income recognized due to the Corporation's overfunded pension plan.

CHANGES IN FINANCIAL CONDITION:

Liquidity and Capital Resources:
The Corporation's working capital was $103.9 million at September 30, 1994, a 12% increase from working capital of $92.7 million at December 31, 1993. The ratio of current assets to current liabilities at September 30, 1994 also increased to 3.6 to 1 from 3.1 to 1 at December 31, 1993. The increase in working capital reflects an increase in cash and short-term investment balances which total $77.2 million at September 30, 1994, a 3% increase from December 31, 1993. Net receivables and inventories at September 30, 1994 were higher when compared with balances at December 31, 1993 due to an increase in unbilled charges associated with long-term contracts and current work in process inventory. Working capital for the first nine months of 1994 was partially reduced by higher accrued expenses generally caused by the timing of expected payments for insurance, interest and accrued wages, and by the reclassification of $1.3 million of long-term debt to a current item, caused by the exercise of a call option by a bond holder for payment in early 1995. Current liabilities overall were reduced $8.9 million for a previously reported payment made to the U.S. Government in early 1994 in connection with the settlement of a litigation. In addition, the Corporation's estimated federal tax payments were significantly reduced when comparing payments made in the first nine month period of 1994 to those made in the same prior year period. The aforementioned litigation settlement resulted in a $1.2 million refund received in the 1994 nine month period.

The Corporation currently maintains a revolving credit lending facility with a group of banks which provide additional sources of capital totaling $45.0 million to the Corporation, of which $26.5 million remains unused at September 30, 1994. This facility encompasses various letters of credit issued primarily in connection with outstanding industrial revenue bonds.

During the first nine of 1994, internally generated funds were more than adequate to meet capital requirements. Projected funds from operating sources are expected to be more than adequate to cover future cash requirements, including anticipated capital expenditures of approximately $3.1 million for the balance of the year and anticipated expenditures connected with environmental remediation programs.

PART II - OTHER INFORMATION

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit 27 - Financial Data Schedules (Page 15)

(b) Reports on Form 8-K

The Registrant did not file any reports on Form 8-K during the quarter ended September 30, 1994.

SIGNATURES

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

CURTISS-WRIGHT CORPORATION
(Registrant)

By: Robert A. Bosi
Robert A. Bosi,
Vice-President Finance

By: Kenneth P. Slezak
Kenneth P. Slezak,
Controller

Dated: November 14, 1994

WARNING: THE EDGAR SYSTEM ENCOUNTERED ERROR(S) WHILE PROCESSING THIS SCHEDULE.

ARTICLE 5

CIK: 0000026324

NAME: CURTISS WRIGHT CORPORATION

MULTIPLIER: 1,000

PERIOD TYPE	9 MOS
FISCAL YEAR END	DEC 31 1994
PERIOD END	SEP 30 1994
CASH	5,208
SECURITIES	71,969
RECEIVABLES	33,140
ALLOWANCES	(1,070)
INVENTORY	24,171
CURRENT ASSETS	144,195
PP&E	208,987
DEPRECIATION	(143,178)
TOTAL ASSETS	241,981
CURRENT LIABILITIES	40,335
BONDS	13,047
COMMON	10,000
PREFERRED MANDATORY	0
PREFERRED	0
OTHER SE	144,937
TOTAL LIABILITY AND EQUITY	241,981
SALES	114,819
TOTAL REVENUES	123,988
CGS	80,927
TOTAL COSTS	28,223
OTHER EXPENSES	0
LOSS PROVISION	177
INTEREST EXPENSE	274
INCOME PRETAX	20,755
INCOME TAX	6,958
INCOME CONTINUING	13,797
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	(244)
NET INCOME	13,553
EPS PRIMARY	2.68
EPS DILUTED	2.68 Page 15 of 15

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