CURTISS WRIGHT CORP

FORM 10-Q
(Quarterly Report)

Filed 11/5/1997 For Period Ending 9/30/1997

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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 and Exchange Act of 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 1997

Commission File Number 1-134

CURTISS-WRIGHT CORPORATION
(Exact name of Registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	13-0612970 (I.R.S. Employer Identification No.)
1200 Wall Street West Lyndhurst, New Jersey (Address of principal executive offices)	07071 (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: 5,089,039 shares (as of October 24, 1997)

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements

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

(In thousands)

	September 30, 1997	December 31, 1996
Assets:		
Cash and cash equivalents	$ 5,879	$ 6,317
Short-term investments	62,554	55,674
Receivables, net	43,765	37,708
Deferred tax asset	7,925	8,769
Inventories	47,306	46,987
Other current assets	2,155	2,378
Total current assets	169,584	157,833
Property, plant and equipment, at cost	217,290	210,230
Less, accumulated depreciation	152,175	146,268
Property, plant and equipment, net	65,115	63,962
Prepaid pension costs	37,612	35,016
Other assets	8,776	10,353
Total assets	$281,087	$267,164
Liabilities:		
Accounts payable and accrued expenses	$ 26,113	$ 25,206
Dividends payable	1,272	
Income taxes payable	3,832	3,189
Other current liabilities	10,442	14,021
Total current liabilities	41,659	42,416
Long-term debt	10,347	10,347
Deferred income taxes	8,556	8,686
Other liabilities	22,861	22,352
Total liabilities	83,423	83,801
Stockholders' equity:		
Common stock, $1 par value	10,000	10,000
Capital surplus	57,032	57,127
Retained earnings	316,006	299,740
Unearned portion of restricted stock	(385)	(608)
Equity adjustments from foreign currency translation	(3,902)	(1,506)
	378,751	364,753
Less, cost of treasury stock	181,087	181,390
Total stockholders' equity	197,664	183,363
Total liabilities and stockholders' equity	$281,087	$267,164

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, 1997	Nine Months Ended September 30, 1996(1)	Three Months Ended September 30, 1997	Three Months Ended September 30, 1996(1)
Net sales	$160,237	$124,440	$52,677	$44,881
Cost of sales	105,466	83,662	33,675	30,500
Gross margin	54,771	40,778	19,002	14,381
Research and development costs	1,441	564	495	254
Selling expenses	4,333	4,663	1,423	1,433
General and administrative	25,217	19,435	8,564	7,388
Operating income	23,780	16,116	8,520	5,306
Investment income, net	2,488	2,348	640	813
Rental income, net	2,195	2,119	454	898
Other income (expense), net	2,104	(270)	2,355	(24)
Interest expense	307	284	118	91
Earnings before taxes	30,260	20,029	11,851	6,902
Provision for taxes	10,179	7,068	3,775	2,458
Net earnings	$ 20,081	$ 12,961	$ 8,076	$ 4,444
Weighted average number of common shares outstanding	5,085	5,079	5,085	5,078
Earnings per common share	$3.95	$2.55	$1.59	$0.88
Dividends per common share	$0.75	$0.75	$0.25	$0.25

(1) Prior year information has been restated to conform to current presentation.

See notes to consolidated financial statements.

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

(In thousands)

	Nine Months Ended September 30, 1997	1996
Cash flows from operating activities:		
Net earnings	$20,081	$12,961
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	7,124	6,690
Net gains on short-term investments	(1,309)	(600)
Net gains on sales of excess property	(2,008)	
Increase in deferred taxes	714	609
Changes in operating assets and liabilities:		
Proceeds from sales of trading securities	190,006	230,501
Purchases of trading securities	(196,079)	(219,806)
Increase in receivables	(3,141)	(1,908)
Increase in inventory	(3,631)	(7,298)
Increase in progress payments	396	2,091
Increase in accounts payable and accrued expenses	907	6,312
Increase (decrease) in income taxes payable	643	(238)
Increase in other assets	(2,421)	(2,727)
Decrease in other liabilities	(2,568)	(45)
Other, net	(1,642)	(475)
Total adjustments	(13,009)	13,106
Net cash provided by operating activities	7,072	26,067
Cash flows from investing activities:		
Proceeds from sales of real estate and equipment	3,493	464
Additions to property, plant and equipment	(8,460)	(8,767)
Acquisition of Accessory Services business		(16,621)
Net cash used by investing activities	(4,967)	(24,924)
Cash flows from financing activities:		
Dividends paid	(2,543)	(2,539)
Net cash used by financing activities	(2,543)	(2,539)
Net decrease in cash and cash equivalents	(438)	(1,396)
Cash and cash equivalents at beginning of period	6,317	8,865
Cash and cash equivalents at end of period	$ 5,879	$ 7,469

See notes to consolidated financial statements.

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

	Common Stock	Capital Surplus	Retained Earnings	Unearned Portion of Restricted Stock Awards	Equity Adjustments from Foreign Currency Translation	Treasury Stock
December 31, 1995	$10,000	$57,141	$288,710	$(780)	$(1,330)	$181,562
Net earnings			16,109			
Common dividends			(5,079)			
Stock awards issued		10		(93)		(83)
Stock options exercised		(24)				(89)
Amortization of earned portion of restricted stock				265		
Translation adjustments, net					(176)	
December 31, 1996	10,000	57,127	299,740	(608)	(1,506)	181,390
Net earnings			20,081			
Common dividends			(3,815)			
Stock options exercised		(95)				(303)
Amortization of earned portion of restricted stock				223		
Translation adjustments, net					(2,396)	
September 30, 1997	$10,000	$57,032	$316,006	$(385)	$(3,902)	$181,087

See notes to consolidated financial statements.

NOTES to CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS of PRESENTATION

Curtiss-Wright Corporation (the "Corporation") is a diversified multi-national manufacturing and service concern that designs, manufactures and overhauls precision components and systems and provides highly engineered services to the aerospace, automotive, shipbuilding, oil, petrochemical, agricultural equipment, power generation, metal working and fire & rescue industries. Operations are conducted principally by three wholly-owned subsidiaries: Curtiss-Wright Flight Systems, Inc., Metal Improvement Company, Inc. and Curtiss-Wright Flow Control Corporation. The group's principal operations include three domestic manufacturing facilities, thirty-four Metal Improvement service facilities located in North America and Europe, and five component overhaul locations.

The information furnished in this report has been prepared in conformity with generally accepted accounting principles and as such 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 1996 Annual Report on Form 10-K. The results of operations for these interim periods are not necessarily indicative of the operating results for a full year.

2. RECEIVABLES

Receivables, at September 30, 1997 and December 31, 1996, 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, 1997	December 31, 1996
Accounts receivable, billed	$46,252	$37,253
Less: progress payments applied	6,752	5,701
	39,500	31,552
Unbilled charges on long-term contracts	14,168	19,761
Less: progress payments applied	8,081	12,048
	6,087	7,713
Allowance for doubtful accounts	(1,822)	(1,557)
Receivables, net	$43,765	$37,708

3. INVENTORIES

Inventories are valued at the lower of cost (principally average cost) or market. The composition of inventories at September 30, 1997 and December 31, 1996 is as follows:

	(In thousands) September 30, 1997	December 31, 1996
Raw materials	$ 4,992	$ 4,653
Work-in-process	25,358	25,128
Finished goods	17,747	15,817
Inventoried costs related to U.S. Government and other long-term contracts	7,439	6,307
Total inventories	55,536	51,905
Less: progress payments applied, principally related to long-term contracts	8,230	4,918
Net inventories	$47,306	$46,987

4. ENVIRONMENTAL MATTERS

The Corporation establishes a reserve for a potential environmental responsibility when it concludes that a determination of legal liability is probable. Such amounts, if quantified, reflect the Corporation's estimate of the amount of that liability. If only a range of potential liability can be estimated, a reserve will be established at the low end of that range. Such reserves represent today's values of anticipated remediation not reduced by any potential recovery from insurance carriers or through contested third-party legal actions, and are not discounted for the time value of money.

The Corporation is joined with many other corporations and municipalities as potentially reponsible parties (PRPs) in a number of environmental cleanup sites, which include the Sharkey Landfill Superfund Site, Parsippany, N. J., Caldwell Trucking Company Superfund Site, Fairfield, N. J., and Pfohl Brothers Landfill Site, Cheektowaga, N. Y., identified to date as the most significant sites. Other environmental sites in which the Corporation is involved include but are not limited to Chemsol, Inc. Superfund Site, Piscataway, N. J., and PJP Landfill, Jersey City, N. J.

The Corporation believes that the outcome of any of these matters would not have a material adverse effect on the Corporation's results of operations or financial condition.

5. 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. The assumed exercise of outstanding stock options had an immaterial dilutive effect on earnings per share in each respective period.

6. RECENTLY ISSUED ACCOUNTING STANDARDS

In February 1997, the Financial Accounting Standards Board issued Statement No. 128, "Earnings per Share" ("SFAS No. 128"). This statement simplifies the standards for computing earnings per share ("EPS"), making them comparable to international EPS standards and amends certain disclosure requirements regarding EPS. The Corporation plans to adopt this statement for interim and annual periods ending after December 15, 1997 which is the statement's effective date. The statement is not expected to have a material impact on the Corporation.

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 posted a 17% increase in sales and a 61% increase in its operating earnings for the third quarter of 1997, as compared with the third quarter of 1996. Operating earnings for the third quarter of 1997 totaled $8.5 million on sales of $52.7 million, compared with operating earnings of $5.3 million and sales of $44.9 million for the same prior year period. New orders received during the 1997 period also increased, totaling $53.6 million, an increase of 46% when compared with orders of $36.6 million received in the same period of 1996.

Net earnings totaled $8.1 million, or $1.59 per share for the third quarter of 1997, including $2.0 million or $.39 per share from the sales of excess real estate. Net earnings for the third quarter of 1996 were $4.4 million or $.88 per share. Net earnings for the third quarter of 1997 exceeded those of the same period of 1996 by 82% and would have represented a 37% improvement without those property sales.

For the first nine months of 1997 the Corporation's operating income rose 48% to $23.8 million, compared with operating income of $16.1 million for the same 1996 period. Overall, net earnings totaled $20.1 million or $3.95 per share, a 55% improvement over net earnings of $13.0 million or $2.55 per share, posted for the first nine months of 1996. Excluding gains generated by the third quarter 1997 property sales, net earnings of $18.1 million for the nine-month period were 39% above those of the same 1996 period, and represented the highest earnings for the first nine months in eight years. Sales for the first nine months of 1997 were $160.2 million, 29% higher than sales of $124.4 million posted in the same nine-month period of 1996. New orders received in the 1997 period totaled $152.7 million, compared with new orders of $119.2 million received during the same period of 1996.

Segment Performance
The Corporation's Aerospace & Marine segment posted substantially improved results for both the third quarter and first nine months of 1997 when compared with those for the same respective periods of 1996. Sales increased 29% in the third quarter of 1997 to $38.1 million from sales in the same quarter of the prior year and totaled $115.6 million for the nine-month 1997 period, 48% higher than those for the same nine-month period of 1996. Operating income also increased substantially when comparing both the third quarter and first nine months of 1997 with the same respective periods of 1996.

Sales and operating income improvements in the Aerospace & Marine segment are reflective of a high sales volume of metal-treating services. Sales of shot-peening, peen-forming and heat-treating services to aerospace customers have increased significantly when comparing 1997 results with those of the prior year. Operating income from such services also has increased significantly in the third quarter and first nine months of 1997.

Aerospace & Marine segment results for the third quarter and first nine months of 1997 have also benefited from increased contributions from our overhaul and repair businesses. Sales of overhaul services improved 39% and 78% for the third quarter and first nine-month periods of 1997, as compared with the same respective periods of 1996. Sales for the nine-month 1997 period reflect a full period of contributions from our Miami-based facility, acquired in May 1996. In the aggregate, sales of overhaul and repair services accounted for 31% of Aerospace & Marine segment sales for the first nine months of 1997, compared with 25% for the same period of 1996.

The Corporation also posted significant increases in sales of its OEM commercial actuation systems when comparing the third quarter and first nine months of 1997 with the same respective periods of 1996. Sales increases in OEM products are attributable to the high level of production being generated for Boeing jetliners. New Boeing programs and increased build rates on traditional programs have contributed to a production sales growth of 124% in the 1997 nine-month period over the same period of 1996. Despite significant increases in sales associated with the new Boeing programs, operating income has been impaired as a result of additions to the work force and associated high levels of manufacturing variations. Operating income was further impaired by the timing and magnitude of production work in response to Boeing's aggressive ramp-up during the nine month 1997 period. Also reducing Aerospace & Marine operating income for the first nine months of 1997 were military development program cost overruns, most of which occurred earlier in the year.

New orders received by the Aerospace & Marine segment in the third quarter of 1997 totaled $36.2 million, 67% above orders of $21.6 million received in the third quarter of 1996. New orders improved 37% when comparing the first nine months of 1997 with the same prior year period. Increases in new orders for both 1997 periods largely reflect the current high sales volumes generated by our overhaul and metal- treating service businesses. In addition, during the third quarter of 1997, the Corporation received an initial contract award, valued at $2.4 million, from Sino Swearingen Aircraft Company of San Antonio, Texas for trailing edge wing-flap drive systems for the new SJ30-2 Business Jet. The Corporation currently supplies flap drive systems for various commercial and military aircraft, and this is its first program providing such components to the business jet market.

The Corporation's Industrial segment posted slight declines in sales for both the third quarter and first nine months of 1997, as compared to the same respective periods of 1996. Sales for industrial products totaled $14.6 million for the third quarter of 1997, 5% below sales of $15.4 million posted in the same prior year period, while sales totaling $44.6 million for the nine-month 1997 period are 3% below the $46.1 million for the first nine months of 1996. This slight decline in sales of the Industrial segment was attributed to a softening of selective industrial markets serviced by our metal-treating businesses. Sales in the commercial valve area also declined for the third quarter and first nine month periods of 1997, as compared with those same periods of 1996 because of the high level of field service and spare parts sales experienced in the 1996 periods but not realized in 1997. For the third quarter and first nine months of 1997, sales of the Industrial segment benefited in part from increased market acceptance of its new rescue tool products.

Despite declining sales, operating income of the Industrial segment improved slightly in the third quarter and first nine months of 1997 in comparison to results of the same 1996 periods. Operating income for the 1996 periods had been hampered by non-recurring costs associated with our metal-treating businesses.

New orders received by the Industrial segment improved in both the third quarter and first nine-month periods of 1997 when compared with the same respective prior year periods. The Corporation has received commercial nuclear valve orders for Korean power plants totaling approximately $5.0 million during the first nine months of 1997.

Non-Operating Revenue and Costs
The Corporation recorded non-operating net revenue totaling $3.4 million for the third quarter of 1997 compared with $1.7 million for the third quarter of 1996. Non- operating net revenue totaled $6.8 million for the first nine months of 1997 compared with $4.2 million for the first nine months of 1996. The significant increase in non-operating revenue for both 1997 periods was due to the sale by the Corporation of two parcels of land during the third quarter of 1997 for a combined price of approximately $3,450,000. The undeveloped land consisted of approximately 655 acres located in Hardwick Township, New Jersey and 33 acres located in Nantucket, Massachusetts. The Corporation recognized net earnings of $2,008,000 or $.39 per share, which reflects tax benefits from the application of a capital-loss carryforward to the gains realized on the sales.

Administrative expenses for the Corporation as a whole increased for the third quarter and first nine month periods of 1997, as compared with those same respective periods of 1996. Impacting third quarter and nine-month 1997 administrative costs were significantly increased expenses for legal services provided in defense or pursuit of environmental and related claims. Partially offsetting these increased expenses was higher accrued non-cash income generated from the Corporation's overfunded pension plan. Net pension income increased slightly, totaling $2.6 million for the first nine months of 1997, compared with $2.3 million for the same period of 1996. In the aggregate, administrative expenses have remained largely consistent as a percentage of sales for both the 1997 and 1996 periods.

CHANGES IN FINANCIAL CONDITION:

Liquidity and Capital Resources:
The Corporation's working capital was $127.9 million at September 30, 1997, a 9% increase from working capital at December 31, 1996 of $115.4 million. The ratio of current assets to current liabilities was 4.07 to 1 at September 30, 1997, compared with a current ratio of 3.72 to 1 at December 31, 1996. Cash, cash equivalents and short-term investments totaled $68.4 million in aggregate at September 30, 1997, a 10% increase from $62.0 million at the prior year end.

Changes in working capital reflect a substantial increase in accounts receivable from customers primarily due to the increase in sales comparing the third quarter of 1997 to sales totals for the last quarter of 1996. Gross inventory also increased due to a high level of finished goods maintained at our component overhaul and repair businesses but was offset by increased progress payments received under long-term government contracts. Working capital was also improved through a reduction in the current portion of amounts held in reserve for the environmental remediation program at the Corporation's Wood-Ridge, New Jersey Business Complex as a result of the expenditure of $2.7 million on remediation efforts during the first nine months of 1997. Partially offsetting the increase in working capital was an increase in accounts payable and accrued expenses at September 30, 1997, from December 31, 1996, and accrued dividends payable for the third quarter of 1997.

The Corporation continues to maintain its $22.5 million revolving credit lending facility and its $22.5 million short-term credit agreement, which provide additional sources of capital to the Corporation. The revolving credit agreement, of which $10.8 million remains unused at September 30, 1997, encompasses various letters of credit issued primarily in connection with outstanding industrial revenue bonds. There were no cash borrowings during the first nine months of 1997 and no outstanding balances for borrowed funds under the agreement at September 30, 1997.

During the first nine months of 1997, internally generated funds were adequate to meet capital expenditures of $8.5 million. Expenditures incurred during the first nine months of 1997 primarily related to expansion of the Corporation's metal-treating business, including newly established facilities in Belgium and Southern Germany. The Corporation has also made significant capital investments for machinery and equipment at its newly expanded Shelby, North Carolina facility. Projected funds from operating sources and the Corporation's short-term investments are expected to be more than adequate in 1997 to cover the costs of planned expansion. Capital expenditures of approximately $4.3 million are anticipated for the balance of the year along with $1.4 million of anticipated expenditures connected with environmental remediation programs at the Corporation's Wood-Ridge, New Jersey Business Complex.

Recently Issued Accounting Standards:
As discussed in Note 6 to the Consolidated Financial Statements, the Corporation plans to adopt SFAS No. 128, "Earnings per Share," for interim and annual periods ending after December 15, 1997 as required by the statement. The adoption of SFAS No. 128 is not expected to have a material impact on the Corporation.

FORWARD-LOOKING STATEMENTS

Because forward-looking statements involve risks and uncertainties, actual results may differ materially from those which are expressed or implied. Such statements in this report include those contained in (a) the Environmental Matters note to the Consolidated Financial Statements and (b) information relating to future capital expenditures contained in the Changes in Financial Condition portion of the MD&A section hereof. Important factors that could cause the actual results to differ materially from those in these forward-looking statements include, among other items, (I) unanticipated environmental remediation expenses or claims; (ii) a reduction in anticipated orders; (iii) an economic downturn; (iv) changes in the need for additional machinery and equipment and/or in the cost for the expansion of the Corporation's operations; (v) changes in the competitive marketplace and/or customer requirements; (vi) an inability to perform customer contracts at anticipated cost levels and (vii) other factors that generally affect the business of aerospace, marine and industrial companies.

PART II - OTHER INFORMATION

Item 6EXHIBITS and REPORTS on FORM 8-K

(a) Exhibits

Exhibit 27 - Financial Data Schedules (Page 17)

(b) Reports on Form 8-K

The Registrant did not file any report on Form 8-K during the quarter ended September 30, 1997.

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 undesigned thereunto duly authorized.

CURTISS-WRIGHT CORPORATION
(Registrant)

By: /s Robert A. Bosi
Robert A. Bosi
Vice President-Finance

By: /s Kenneth P. Slezak
Kenneth P. Slezak
Controller

Dated: November 5, 1997

ARTICLE 5

MULTIPLIER: 1000

PERIOD TYPE	9 MOS
FISCAL YEAR END	DEC 31 1997
PERIOD END	SEP 30 1997
CASH	5,879
SECURITIES	62,554
RECEIVABLES	48,587
ALLOWANCES	1,822
INVENTORY	47,306
CURRENT ASSETS	169,584
PP&E	217,290
DEPRECIATION	152,175
TOTAL ASSETS	281,087
CURRENT LIABILITIES	41,659
BONDS	10,347
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	10,000
OTHER SE	187,664
TOTAL LIABILITY AND EQUITY	281,087
SALES	160,237
TOTAL REVENUES	167,024
CGS	105,466
TOTAL COSTS	136,457
OTHER EXPENSES	0
LOSS PROVISION	0
INTEREST EXPENSE	307
INCOME PRETAX	30,260
INCOME TAX	10,179
INCOME CONTINUING	20,081
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	20,081
EPS PRIMARY	3.95
EPS DILUTED	3.95

End of Filing