

CURTISS WRIGHT CORP
Form 10-Q
October 27, 2016

UNITED STATES
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, 2016

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____

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.)
13925 Ballantyne Corporate Place,
Suite 400, Charlotte, North Carolina 28277
(Address of principal executive offices) (Zip Code)

(704) 869-4600
(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 (or for such shorter period of time that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

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Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes 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: 44,228,169 shares (as of September 30, 2016).

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES

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PART 1- FINANCIAL INFORMATION

Item 1. Financial Statements

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(UNAUDITED)

(In thousands, except per share data)	Three Months Ended		Nine Months Ended	
	September 30, 2016	2015	September 30, 2016	2015
Net sales				
Product sales	\$413,905	\$427,732	\$1,244,148	\$1,313,290
Service sales	93,187	97,803	299,218	303,638
Total net sales	507,092	525,535	1,543,366	1,616,928
Cost of sales				
Cost of product sales	261,488	284,007	806,092	864,701
Cost of service sales	61,128	56,034	195,515	193,286
Total cost of sales	322,616	340,041	1,001,607	1,057,987
Gross profit	184,476	185,494	541,759	558,941
Research and development expenses	14,071	15,050	44,467	45,633
Selling expenses	26,273	30,247	85,025	90,440
General and administrative expenses	67,559	76,384	210,342	220,778
Operating income	76,573	63,813	201,925	202,090
Interest expense	10,488	8,972	30,694	26,953
Other income, net	483	161	818	605
Earnings from continuing operations before income taxes	66,568	55,002	172,049	175,742
Provision for income taxes	(20,636)	(16,860)	(53,335)	(54,256)
Earnings from continuing operations	45,932	38,142	118,714	121,486
Loss from discontinued operations, net of taxes	—	(4,258)	—	(45,874)
Net earnings	\$45,932	\$33,884	\$118,714	\$75,612
Basic earnings per share				
Earnings from continuing operations	\$1.04	\$0.82	\$2.67	\$2.58
Loss from discontinued operations	—	(0.09)	—	(0.97)
Total	\$1.04	\$0.73	\$2.67	\$1.61
Diluted earnings per share				
Earnings from continuing operations	\$1.02	\$0.80	\$2.63	\$2.53
Loss from discontinued operations	—	(0.09)	—	(0.96)
Total	\$1.02	\$0.71	\$2.63	\$1.57
Dividends per share	0.13	0.13	0.39	0.39
Weighted-average shares outstanding:				
Basic	44,323	46,366	44,457	47,082
Diluted	44,997	47,395	45,128	48,106

See notes to condensed consolidated financial statements

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
 (UNAUDITED)
 (In thousands)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Net earnings	\$45,932	\$33,884	\$118,714	\$75,612
Other comprehensive income (loss)				
Foreign currency translation, net of tax ⁽¹⁾	\$(12,366)	\$(37,689)	\$(26,907)	\$(62,281)
Pension and postretirement adjustments, net of tax ⁽²⁾	1,634	908	4,766	5,677
Other comprehensive loss, net of tax	(10,732)	(36,781)	(22,141)	(56,604)
Comprehensive income (loss)	\$35,200	\$(2,897)	\$96,573	\$19,008

(1) The tax benefit included in other comprehensive loss for foreign currency translation adjustments for the three and nine months ended September 30, 2016 were \$0.7 million and \$1.0 million, respectively. The tax benefit (expense) included in other comprehensive loss for foreign currency translation adjustments for the three and nine months ended September 30, 2015 were \$(0.2) million and \$2.8 million, respectively.

(2) The tax expense included in other comprehensive income for pension and postretirement adjustments for the three and nine months ended September 30, 2016 were \$0.9 million and \$3.0 million, respectively. The tax expense included in other comprehensive income for pension and postretirement adjustments for the three and nine months ended September 30, 2015 were \$0.5 million and \$3.2 million, respectively.

See notes to condensed consolidated financial statements

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

(In thousands, except per share data)

	September 30, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 452,053	\$ 288,697
Receivables, net	462,004	566,289
Inventories	399,638	379,591
Other current assets	49,438	40,306
Total current assets	1,363,133	1,274,883
Property, plant, and equipment, net	387,458	413,644
Goodwill	964,446	972,606
Other intangible assets, net	283,670	310,763
Other assets	15,277	17,715
Total assets	\$ 3,013,984	\$ 2,989,611
Liabilities		
Current liabilities:		
Current portion of long-term and short-term debt	\$ 802	\$ 1,259
Accounts payable	133,101	163,286
Accrued expenses	116,778	131,863
Income taxes payable	6,461	7,956
Deferred revenue	196,609	181,671
Other current liabilities	34,264	37,190
Total current liabilities	488,015	523,225
Long-term debt, net	966,040	951,946
Deferred tax liabilities, net	73,650	54,447
Accrued pension and other postretirement benefit costs	100,999	103,723
Long-term portion of environmental reserves	14,534	14,017
Other liabilities	83,731	86,830
Total liabilities	1,726,969	1,734,188
Contingencies and commitments (Note 12)		
Stockholders' equity		
Common stock, \$1 par value, 100,000,000 shares authorized at September 30, 2016 and December 31, 2015; shares issued were 49,187,378 at September 30, 2016 and 49,189,702 at December 31, 2015; outstanding shares were 44,228,169 at September 30, 2016 and 44,621,348 at December 31, 2015	49,187	49,190
Additional paid in capital	134,597	144,923
Retained earnings	1,692,026	1,590,645
Accumulated other comprehensive loss	(248,069)	(225,928)
Common treasury stock, at cost (4,959,209 shares at September 30, 2016 and 4,568,354 shares at December 31, 2015)	(340,726)	(303,407)
Total stockholders' equity	1,287,015	1,255,423
Total liabilities and stockholders' equity	\$ 3,013,984	\$ 2,989,611

See notes to condensed consolidated financial statements

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

(In thousands)	Nine Months Ended September 30,	
	2016	2015
Cash flows from operating activities:		
Net earnings	\$ 118,714	\$ 75,612
Adjustments to reconcile net earnings to net cash provided by (used for) operating activities		
Depreciation and amortization	72,419	76,428
(Gain) / Loss on sale of businesses	(845)	15,759
Gain on fixed asset disposals	(194)	(1,058)
Deferred income taxes	(6,388)	14,683
Share-based compensation	7,813	7,225
Impairment of assets held for sale	—	40,813
Change in operating assets and liabilities, net of businesses acquired and divested:		
Receivables, net	95,200	(13,079)
Inventories	(18,613)	(29,354)
Progress payments	4,094	375
Accounts payable and accrued expenses	(58,162)	(55,086)
Deferred revenue	14,937	(27,900)
Income taxes	8,936	19,750
Net pension and postretirement liabilities	2,723	(142,987)
Termination of interest rate swap	20,405	—
Other current and long-term assets and liabilities	6,173	14,128
Net cash provided by (used for) operating activities	267,212	(4,691)
Cash flows from investing activities:		
Proceeds from sales and disposals of long lived assets	1,204	1,914
Proceeds from divestitures, net of cash sold and transaction costs	1,027	36,941
Additions to property, plant, and equipment	(26,127)	(23,848)
Acquisition of businesses, net of cash acquired	(295)	(13,263)
Additional consideration on prior period acquisitions	—	(436)
Net cash provided by (used for) investing activities	(24,191)	1,308
Cash flows from financing activities:		
Borrowings under revolving credit facility	7,504	68,841
Payment of revolving credit facility	(7,961)	(68,521)
Principal payments on debt	—	(8,400)
Repurchases of common stock	(80,296)	(185,224)
Proceeds from share-based compensation	18,359	14,616
Dividends paid	(11,576)	(12,289)
Excess tax benefits from share-based compensation plans	6,771	4,243
Other	(469)	429
Net cash used for financing activities	(67,668)	(186,305)
Effect of exchange-rate changes on cash	(11,997)	(12,503)
Net increase (decrease) in cash and cash equivalents	163,356	(202,191)
Cash and cash equivalents at beginning of period	288,697	450,116
Cash and cash equivalents at end of period	\$ 452,053	\$ 247,925
Supplemental disclosure of non-cash activities:		
Capital expenditures incurred but not yet paid	\$ 688	\$ 427
See notes to condensed consolidated financial statements		

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

	Common Stock	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock
December 31, 2014	\$49,190	\$158,043	\$1,469,306	\$ (128,411)	\$(69,695)
Net earnings	—	—	145,461	—	—
Other comprehensive loss, net of tax	—	—	—	(97,517)	—
Dividends paid	—	—	(24,122)	—	—
Restricted stock, net of tax	—	(10,303)	—	—	13,734
Stock options exercised, net of tax	—	(11,349)	—	—	45,743
Other	—	(647)	—	—	647
Share-based compensation	—	9,179	—	—	294
Repurchase of common stock	—	—	—	—	(294,130)
December 31, 2015	\$49,190	\$144,923	\$1,590,645	\$ (225,928)	\$(303,407)
Net earnings	—	—	118,714	—	—
Other comprehensive loss, net of tax	—	—	—	(22,141)	—
Dividends declared	—	—	(17,333)	—	—
Restricted stock, net of tax	—	(10,921)	—	—	14,450
Stock options exercised, net of tax	—	(5,695)	—	—	27,297
Other	(3)	(1,081)	—	—	788
Share-based compensation	—	7,371	—	—	442
Repurchase of common stock	—	—	—	—	(80,296)
September 30, 2016	\$49,187	\$134,597	\$1,692,026	\$ (248,069)	\$(340,726)

See notes to condensed consolidated financial statements

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
NOTES to CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION

Curtiss-Wright Corporation and its subsidiaries (the "Corporation" or the "Company") is a diversified multinational manufacturing and service company that designs, manufactures, and overhauls precision components and provides highly engineered products and services to the aerospace, defense, power generation, and general industrial markets.

The unaudited condensed consolidated financial statements include the accounts of Curtiss-Wright and its majority-owned subsidiaries. All intercompany transactions and accounts have been eliminated.

The unaudited condensed consolidated financial statements of the Corporation have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally included in annual financial statements have been condensed or omitted as permitted by such rules and regulations. In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments necessary for a fair presentation of these financial statements.

Management is required to make estimates and judgments that affect the reported amount of assets, liabilities, revenue, and expenses and disclosure of contingent assets and liabilities in the accompanying financial statements. Actual results may differ from these estimates. The most significant of these estimates includes the estimate of costs to complete long-term contracts under the percentage-of-completion accounting methods, the estimate of useful lives for property, plant, and equipment, cash flow estimates used for testing the recoverability of assets, pension plan and postretirement obligation assumptions, estimates for inventory obsolescence, estimates for the valuation and useful lives of intangible assets, legal reserves, and the estimate of future environmental costs. Changes in estimates of contract sales, costs, and profits are recognized using the cumulative catch-up method of accounting. This method recognizes in the current period the cumulative effect of the changes on current and prior periods. Accordingly, the effect of the changes on future periods of contract performance is recognized as if the revised estimate had been the original estimate.

During the second quarter of 2015, the Corporation recorded additional costs of \$11.5 million related to its long-term contract with Westinghouse to deliver reactor coolant pumps (RCPs) for the AP1000 nuclear power plants in China. The increase in costs is due to a change in estimate related to production modifications that are the result of engineering and endurance testing. During the three and nine months ended September 30, 2016 and 2015, there were no other individual significant changes in estimated contract costs.

The unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Corporation's 2015 Annual Report on Form 10-K. The results of operations for interim periods are not necessarily indicative of trends or of the operating results for a full year.

Recent accounting pronouncements adopted

Accounting pronouncement ASU 2015-17 - Balance Sheet Classification of Deferred Taxes was early adopted effective January 1, 2016 and accounting pronouncement ASU 2015-03 - Simplifying the Presentation of Debt Issuance Costs was adopted effective January 1, 2016. Both pronouncements were retrospectively adopted and, accordingly, certain amounts reported in the previous periods have been reclassified to conform to the current year

presentation.

A summary of the impact of the reclassifications as of December 31, 2015 is shown in the below table.

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CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
 NOTES to CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 (UNAUDITED)

	Reclassifications			December 31, 2015 as reclassified
	December 31, 2015 as reported	Deferred Taxes	Debt Issuance Costs	
Deferred tax assets, net	\$41,737	\$(41,737)	\$—	\$—
Total current assets	\$1,316,620	\$(41,737)	\$—	\$1,274,883
Other assets	\$15,745	\$3,107	\$(1,137)	\$17,715
Total assets	\$3,029,378	\$(38,630)	\$(1,137)	\$2,989,611
Other current liabilities	\$39,152	\$(1,962)	\$—	\$37,190
Total current liabilities	\$525,187	\$(1,962)	\$—	\$523,225
Long-term debt	\$953,083	\$—	\$(1,137)	\$951,946
Deferred tax liabilities, net	\$91,115	\$(36,668)	\$—	\$54,447
Total liabilities	\$1,773,955	\$(38,630)	\$(1,137)	\$1,734,188
Total liabilities and stockholders' equity	\$3,029,378	\$(38,630)	\$(1,137)	\$2,989,611

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
 NOTES to CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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Recent accounting pronouncements to be adopted

Standard	Description	Effect on the financial statements
ASU 2014-09 Revenue from contracts with customers	In May 2014, the FASB issued a comprehensive new revenue recognition standard which will supersede previous existing revenue recognition guidance. The standard creates a five-step model for revenue recognition that requires companies to exercise judgment when considering contract terms and relevant facts and circumstances. The five-step model includes (1) identifying the contract, (2) identifying the separate performance obligations in the contract, (3) determining the transaction price, (4) allocating the transaction price to the separate performance obligations and (5) recognizing revenue when each performance obligation has been satisfied. The standard also requires expanded disclosures surrounding revenue recognition. The standard is effective for fiscal periods beginning after December 15, 2017 and allows for either full retrospective or modified retrospective adoption.	The Corporation is currently evaluating the impact of the adoption of this standard on its Consolidated Financial Statements.
Date of adoption: January 1, 2018		
ASU 2016-02 Leases	In February 2016, the FASB issued final guidance that will require lessees to put most leases on their balance sheets but recognize expenses on their income statements in a manner similar to today's accounting.	The Corporation is currently evaluating the impact of the adoption of this standard on its Consolidated Financial Statements.
Date of adoption: January 1, 2019		
ASU 2016-09 Improvements to Employee Share-Based Payment Accounting	In March 2016, the FASB issued ASU 2016-09, which simplifies several aspects of the accounting for employee share-based payment transactions for both public and nonpublic entities, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows.	The Corporation is currently evaluating the impact of the adoption of this standard on its Consolidated Financial Statements.
Date of adoption: January 1, 2017		

2. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

As part of a strategic portfolio review conducted in 2014, the Corporation identified certain businesses it considered non-core. The Corporation considers businesses non-core when the business' products or services do not complement its existing businesses and where the long-term growth and profitability prospects are below the Corporation's expectations. In 2015, the Corporation divested all five businesses that were classified as held for sale as of December 31, 2014. The results of operations of these businesses are reported as discontinued operations within our Condensed Consolidated Statements of Earnings.

The aggregate financial results of all discontinued operations for the three and nine months ended September 30, 2016 and 2015 were as follows:

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(In thousands)	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015
Net sales	\$727	\$58,011
Loss from discontinued operations before income taxes ⁽¹⁾	—(872)	—(40,831)
Income tax benefit / (expense)	—(1,231)	—7,725
Loss on sale of businesses ⁽²⁾	—(2,155)	—(12,768)
Loss from discontinued operations	\$—(4,258)	\$—(45,874)

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
 NOTES to CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 (UNAUDITED)

(1) Loss from discontinued operations before income taxes includes approximately \$41 million of held for sale impairment expense recorded in the nine months ended September 30, 2015.

(2) Net of tax benefit for the three and nine months ended September 30, 2015 of \$3.0 million, respectively.

Divestitures

In October 2015 and August 2015, the Corporation sold its two surface technology treatment facilities for an immaterial amount, that were previously classified as held for sale.

In July 2015, the Corporation sold the assets and liabilities of its Engineered Packaging business for approximately \$14 million and recognized a pre-tax gain of \$2.3 million.

In May 2015, the Corporation completed the divestiture of its Downstream oil and gas business for \$19 million, net of transaction costs. The business had recorded impairment charges of \$40 million during the nine months ended September 30, 2015. In connection with the sale, the Corporation realized a pre-tax loss on divestiture of \$18 million for the nine months ended September 30, 2015.

In January 2015, the Corporation sold the assets of its Aviation Ground support business for £3 million (\$4 million).

For the year ended December 31, 2015, the Corporation disposed of five businesses in total aggregating to total cash proceeds of \$31 million. The divestitures resulted in aggregate pre-tax losses in excess of \$17 million, and tax benefits of approximately \$3.3 million. Aggregate net sales attributable to these 2015 divestitures and facility closures for the three and nine months ended September 30, 2015 were \$0.7 million and \$58.0 million, respectively, and losses before income taxes for the three and nine months ended September 30, 2015 were \$0.9 million and \$40.8 million, respectively.

3. RECEIVABLES

Receivables primarily include amounts billed to customers, unbilled charges on long-term contracts consisting of amounts recognized as sales but not billed, and other receivables. Substantially all amounts of unbilled receivables are expected to be billed and collected within one year. An immaterial amount of unbilled receivables are subject to retainage provisions. The amount of claims and unapproved change orders within our receivables balances are immaterial.

The composition of receivables is as follows:

(In thousands)	September 30, 2016	December 31, 2015
Billed receivables:		
Trade and other receivables	\$ 323,336	\$ 435,172
Less: Allowance for doubtful accounts	(5,296)	(5,664)
Net billed receivables	318,040	429,508
Unbilled receivables:		
Recoverable costs and estimated earnings not billed	167,151	153,045
Less: Progress payments applied	(23,187)	(16,264)

Net unbilled receivables	143,964	136,781
Receivables, net	\$ 462,004	\$ 566,289

4. INVENTORIES

Inventoried costs contain amounts relating to long-term contracts and programs with long production cycles, a portion of which will not be realized within one year. Long-term contract inventory includes an immaterial amount of claims or other similar items subject to uncertainty concerning their determination or realization. Inventories are valued at the lower of cost or market. The composition of inventories is as follows:

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
 NOTES to CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 (UNAUDITED)

(In thousands)	September 30, 2016	December 31, 2015
Raw materials	\$205,598	\$196,684
Work-in-process	83,933	79,406
Finished goods and component parts	117,681	114,931
Inventoried costs related to long-term contracts	56,428	51,774
Gross inventories	463,640	442,795
Less: Inventory reserves	(52,531)	(48,904)
Progress payments applied	(11,471)	(14,300)
Inventories	\$399,638	\$379,591

Inventoried costs related to long-term contracts include capitalized contract development costs related to certain aerospace and defense programs of \$29.9 million and \$29.7 million, as of September 30, 2016 and December 31, 2015, respectively. These capitalized costs will be liquidated as production units are delivered to the customers. As of September 30, 2016 and December 31, 2015, \$1.7 million and \$2.5 million, respectively, are scheduled to be liquidated under existing firm orders.

5. GOODWILL

The changes in the carrying amount of goodwill for the nine months ended September 30, 2016 are as follows:

(In thousands)	Commercial/Industrial	Defense	Power	Consolidated
December 31, 2015	\$ 447,828	\$337,603	\$187,175	\$ 972,606
Divestiture	—	(452)	—	(452)
Foreign currency translation adjustment	(6,181)	(1,683)	156	(7,708)
September 30, 2016	\$ 441,647	\$335,468	\$187,331	\$ 964,446

6. OTHER INTANGIBLE ASSETS, NET

The following tables present the cumulative composition of the Corporation's intangible assets:

(In thousands)	September 30, 2016			December 31, 2015		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Technology	\$169,558	\$(97,373)	\$72,185	\$171,382	\$(91,430)	\$79,952
Customer related intangibles	354,727	(154,559)	200,168	357,538	(140,816)	216,722
Other intangible assets	37,159	(25,842)	11,317	37,200	(23,111)	14,089
Total	\$561,444	\$(277,774)	\$283,670	\$566,120	\$(255,357)	\$310,763

Total intangible amortization expense for the nine months ended September 30, 2016 was \$24.9 million as compared to \$26.2 million in the prior year period. The estimated amortization expense for the five years ending December 31, 2016 through 2020 is \$33.2 million, \$32.7 million, \$31.6 million, \$29.8 million, and \$27.9 million, respectively.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

Forward Foreign Exchange and Currency Option Contracts

The Corporation has foreign currency exposure primarily in the United Kingdom, Europe, and Canada. The Corporation uses financial instruments, such as forward and option contracts, to hedge a portion of existing and anticipated foreign currency denominated transactions. The purpose of the Corporation's foreign currency risk management program is to reduce volatility in earnings caused by exchange rate fluctuations. Guidance on accounting for derivative instruments and hedging activities requires companies to recognize all of the derivative financial instruments as either assets or liabilities at fair value in the Condensed Consolidated Balance Sheets based upon quoted market prices for comparable instruments.

Interest Rate Risks and Related Strategies

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CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
 NOTES to CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 (UNAUDITED)

The Corporation's primary interest rate exposure results from changes in U.S. dollar interest rates. The Corporation's policy is to manage interest cost using a mix of fixed and variable rate debt. The Corporation periodically uses interest rate swaps to manage such exposures. Under these interest rate swaps, the Corporation exchanges, at specified intervals, the difference between fixed and floating interest amounts calculated by reference to an agreed-upon notional principal amount.

For interest rate swaps designated as fair value hedges (i.e., hedges against the exposure to changes in the fair value of an asset or a liability or an identified portion thereof that is attributable to a particular risk), changes in the fair value of the interest rate swaps offset changes in the fair value of the fixed rate debt due to changes in market interest rates.

On February 5, 2016, the Corporation terminated its March 2013 and January 2012 interest rate swap agreements. As a result of the termination, the Corporation received a cash payment of \$20.4 million, representing the fair value of the interest rate swaps on the date of termination. In connection with the termination, the Corporation and the counterparties released each other from all obligations under the interest rate swaps agreement, including, without limitation, the obligation to make periodic payments under such agreements. The gain on termination is reflected as a bond premium to our notes' carrying value and amortized prospectively into interest expense over the remaining terms of the Senior Notes.

The fair value accounting guidance requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities that the company has the ability to access.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data such as quoted prices, interest rates and yield curves.

Level 3: Inputs are unobservable data points that are not corroborated by market data.

Based upon the fair value hierarchy, all of the forward foreign exchange contracts and interest rate swaps are valued at a Level 2.

Effects on Consolidated Balance Sheets

The location and amounts of derivative instrument fair values in the condensed consolidated balance sheet are below.

(In thousands)	September 30, December 31,	
	2016	2015
Assets		
Designated for hedge accounting		
Interest rate swaps	\$ —	\$ 3,083
Undesignated for hedge accounting		
Forward exchange contracts	\$ 25	\$ 223
Total asset derivatives (A)	\$ 25	\$ 3,306
Liabilities		
Undesignated for hedge accounting		

Forward exchange contracts	506	673
Total liability derivatives (B)	\$ 506	\$ 673

(A)Forward exchange derivatives are included in Other current assets and interest rate swap assets are included in Other assets.

(B)Forward exchange derivatives are included in Other current liabilities.

Effects on Condensed Consolidated Statements of Earnings

Fair value hedge

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The location and amount of losses on the hedged fixed rate debt attributable to changes in the market interest rates and the offsetting gain on the related interest rate swaps for the three and nine months ended September 30, 2016 and 2015, were as follows:

(In thousands)	Three	Nine
	Months	Months
	Ended	Ended
	September	September
	30,	30,
	2016	2015
Other income, net		
Gain on interest rate swaps	\$-16,954	\$-12,632
Loss on hedged fixed rate debt	—(16,954)	—(12,632)
Total	\$-—	\$-—

Undesignated hedges

The location and amount of gains and (losses) recognized in income on forward exchange derivative contracts not designated for hedge accounting for the three and nine months ended September 30, were as follows:

(In thousands)	Three Months		Nine Months	
	Ended	Ended	Ended	Ended
	September 30,	September 30,	September 30,	September 30,
	2016	2015	2016	2015
Derivatives not designated as hedging instrument				
Forward exchange contracts:				
General and administrative expenses	\$(3,596)	\$(6,136)	\$(8,632)	\$(7,692)

Debt

The estimated fair value amounts were determined by the Corporation using available market information that is primarily based on quoted market prices for the same or similar issues as of September 30, 2016. Accordingly, all of the Corporation's debt is valued at a Level 2. The fair values described below may not be indicative of net realizable value or reflective of future fair values. Furthermore, the use of different methodologies to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

(In thousands)	September 30, 2016		December 31, 2015	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
5.51% Senior notes due 2017	150,000	155,759	150,000	158,024
3.84% Senior notes due 2021	100,000	104,804	100,307	100,307
3.70% Senior notes due 2023	225,000	233,284	225,000	224,322
3.85% Senior notes due 2025	100,000	104,138	100,450	100,450
4.24% Senior notes due 2026	200,000	212,880	201,422	201,422
4.05% Senior notes due 2028	75,000	78,294	75,904	75,904
4.11% Senior notes due 2028	100,000	104,931	100,000	99,720
Other debt	802	802	1,259	1,259
Total debt	950,802	994,892	954,342	961,408

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Unamortized debt issuance costs (1)	(1,022)	(1,022)	(1,137)	(1,137)
Unamortized interest rate swap proceeds (2)	17,062	17,062	—	—
Total debt, net	\$966,842	\$1,010,932	\$953,205	\$960,271

(1) Effective for 2016, the Company adopted ASU 2015-03 - Simplifying the Presentation of Debt Issuance Costs requiring unamortized debt issuance costs to be presented on the balance sheet as a direct deduction from the carrying amount of the related debt liability. Prior year balances have been reclassified to reflect the current year presentation.

(2) In February 2016, the Company terminated its interest rate swap agreements. Upon termination of the interest rate swaps, the Corporation received \$20.4 million in cash and recorded a deferred gain of \$18.3 million. As of September 30, 2016, the

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remaining benefit of \$17.1 million was recorded as an increase in the long-term debt balance and will be recognized ratably as a reduction to future interest expense over the remaining life of the related debt.

Nonrecurring measurements

As discussed in Note 2, Discontinued Operations and Assets Held For Sale, the Corporation classified certain businesses as held for sale during 2014. In accordance with the provisions of the Impairment or Disposal of Long-Lived Assets guidance of FASB Codification Subtopic 360-10, the carrying amount of the disposal groups were written down to their estimated fair value, less costs to sell, resulting in an impairment charge of \$40.8 million, which was included in the loss from discontinued operations before income taxes for the nine months ended September 30, 2015. The fair value of the disposal groups were determined primarily by using non-binding quotes. In accordance with the fair value hierarchy, the impairment charge is classified as a Level 3 measurement as it is based on significant other unobservable inputs.

8. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

The following tables are consolidated disclosures of all domestic and foreign defined pension plans as described in the Corporation's 2015 Annual Report on Form 10-K.

Pension Plans

The components of net periodic pension cost for the three and nine months ended September 30, 2016 and 2015 were as follows:

(In thousands)	Three Months		Nine Months	
	Ended		Ended	
	September 30, 2016	2015	September 30, 2016	2015
Service cost	\$6,347	\$5,914	\$18,832	\$20,187
Interest cost	7,503	7,422	22,915	22,410
Expected return on plan assets	(13,462)	(13,601)	(40,633)	(40,968)
Amortization of prior service cost	(11)	151	(34)	462
Amortization of unrecognized actuarial loss	2,837	5,180	9,023	12,911
Settlement Charges	—	7,345	—	7,345
Net periodic benefit cost	\$3,214	\$12,411	\$10,103	\$22,347

During the nine months ended September 30, 2016, the Corporation made no contributions to the Curtiss-Wright Pension Plan, and does not expect to make any contributions in 2016. Effective May 1, 2016, the Corporation completed the merger of three frozen UK defined benefit pension schemes by merging the Metal Improvement Company Salaried Staff Pension Scheme and the Mechetronics Limited Retirement Benefits Scheme into the Curtiss-Wright Penny & Giles Pension Plan. The Penny & Giles Plan was then renamed the Curtiss-Wright UK Pension Plan.

In connection with the merger, the Corporation made an additional £3 million (approximately \$4.4 million) cash contribution to the plan. The merger will benefit the Corporation by cost reduction achieved through streamlined advisor services and more efficient trust administration.

Scheduled contributions to the foreign benefit plans are not expected to be material in 2016.

The settlement charges recognized in the third quarter of 2015 represent events that are accounted for under guidance on employers' accounting for settlements and curtailments of defined benefit pension plans. The charge is primarily a result of the retirement of the Corporation's former Chairman and his election to receive the nonqualified portion of his pension benefit as a single lump sum payout and relates to the recognition of deferred actuarial losses triggered by the lump sum payouts exceeding a prescribed threshold.

Defined Contribution Retirement Plan

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Effective January 1, 2014, all non-union employees who are not currently receiving final or career average pay benefits became eligible to receive employer contributions in the Corporation's sponsored 401(k) plan. The employer contributions include both employer match and non-elective contribution components, up to a maximum employer contribution of 6% of eligible compensation. During the nine months ended September 30, 2016 and 2015, the expense relating to the plan was \$8.9 million and \$9.6 million, respectively. The Corporation made \$10.4 million in contributions to the plan during the nine months ended September 30, 2016, and expects to make total contributions of \$11.5 million in 2016.

9. EARNINGS PER SHARE

Diluted earnings per share were computed based on the weighted-average number of shares outstanding plus all potentially dilutive common shares. A reconciliation of basic to diluted shares used in the earnings per share calculation is as follows:

(In thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Basic weighted-average shares outstanding	44,323	46,366	44,457	47,082
Dilutive effect of share based compensation	674	1,029	671	1,024
Diluted weighted-average shares outstanding	44,997	47,395	45,128	48,106

As of September 30, 2016 and September 30, 2015, respectively, there were no stock options outstanding that were considered anti-dilutive.

10. SEGMENT INFORMATION

The Corporation manages and evaluates its operations based on end markets to strengthen its ability to service customers and recognize certain organizational efficiencies. Based on this approach, the Corporation has three reportable segments: Commercial/Industrial, Defense, and Power.

The Corporation's measure of segment profit or loss is operating income. Interest expense and income taxes are not reported on an operating segment basis as they are not considered in the segments' performance evaluation by the Corporation's chief operating decision-maker, its Chief Executive Officer.

Net sales and operating income by reportable segment were as follows:

(In thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Net sales				
Commercial/Industrial	\$276,179	\$293,039	\$841,812	\$898,011
Defense	114,946	118,019	335,553	352,520
Power	117,929	115,898	370,798	372,694
Less: Intersegment revenues	(1,962)	(1,421)	(4,797)	(6,297)
Total consolidated	\$507,092	\$525,535	\$1,543,366	\$1,616,928

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Operating income (expense)				
Commercial/Industrial	\$39,067	\$40,259	\$108,076	\$128,801
Defense	28,822	25,477	64,276	67,895
Power	14,130	13,545	44,872	34,511
Corporate and eliminations ⁽¹⁾	(5,446)	(15,468)	(15,299)	(29,117)
Total consolidated	\$76,573	\$63,813	\$201,925	\$202,090

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(1) Corporate and eliminations includes pension and other postretirement benefit expense, certain environmental costs related to remediation at legacy sites, foreign currency transactional gains and losses, and certain other expenses.

Operating income by reportable segment and the reconciliation to income from continuing operations before income taxes are as follows:

(In thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Total operating income	\$76,573	\$63,813	\$201,925	\$202,090
Interest expense	10,488	8,972	30,694	26,953
Other income, net	483	161	818	605
Earnings from continuing operations before income taxes	\$66,568	\$55,002	\$172,049	\$175,742

(In thousands)	September 30, 2016	December 31, 2015
Identifiable assets		
Commercial/Industrial	\$1,451,198	\$1,480,052
Defense	820,384	800,613
Power	528,052	629,612
Corporate and Other	214,350	79,334
Total consolidated	\$3,013,984	\$2,989,611

11. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The cumulative balance of each component of accumulated other comprehensive income (AOCI), net of tax, is as follows:

(In thousands)	Foreign currency translation adjustments, net	Total pension and postretirement adjustments, net	Accumulated other comprehensive income (loss)
December 31, 2014	\$ (20,283)	\$ (108,128)	\$ (128,411)
Current period other comprehensive loss	(87,527)	(9,990)	(97,517)
December 31, 2015	\$ (107,810)	\$ (118,118)	\$ (225,928)
Other comprehensive loss before reclassifications (1)	(26,907)	(257)	(27,164)
Amounts reclassified from accumulated other comprehensive loss (1)	—	5,023	5,023
Net current period other comprehensive income (loss)	(26,907)	4,766	(22,141)
September 30, 2016	\$ (134,717)	\$ (113,352)	\$ (248,069)

(1) All amounts are after tax.

Details of amounts reclassified from accumulated other comprehensive income (loss) are below:

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(In thousands)	Amount reclassified from AOCI	Affected line item in the statement where net earnings is presented
Defined benefit pension and other postretirement benefit plans		
Amortization of prior service costs	527	(1)
Amortization of actuarial losses	(8,596)	(1)
	(8,069)	Total before tax
	3,046	Income tax
Total reclassifications	\$ (5,023)	Net of tax

(1) These items are included in the computation of net periodic benefit cost. See Note 8, Pension and Other Postretirement Benefit Plans.

12. CONTINGENCIES AND COMMITMENTS

Legal Proceedings

The Corporation has been named in a number of lawsuits that allege injury from exposure to asbestos. To date, the Corporation has not been found liable for or paid any material sum of money in settlement in any case. The Corporation believes its minimal use of asbestos in its past operations and the relatively non-friable condition of asbestos in its products makes it unlikely that it will face material liability in any asbestos litigation, whether individually or in the aggregate. The Corporation maintains insurance coverage for these potential liabilities and believes adequate coverage exists to cover any unanticipated asbestos liability.

In December 2013, the Corporation, along with other unaffiliated parties, received a claim from Canadian Natural Resources Limited (CNRL) filed in the Court of Queen's Bench of Alberta, Judicial District of Calgary. The claim pertains to a January 2011 fire and explosion at a delayed coker unit at its Fort McMurray refinery that resulted in the injury of five CNRL employees, damage to property and equipment, and various forms of consequential loss, such as loss of profit, lost opportunities, and business interruption. The fire and explosion occurred when a CNRL employee bypassed certain safety controls and opened an operating coker unit. The total quantum of alleged damages arising from the incident has not been finalized, but is estimated to meet or exceed \$1 billion. The Corporation maintains various forms of commercial, property and casualty, product liability, and other forms of insurance; however, such insurance may not be adequate to cover the costs associated with a judgment against us. The Corporation is currently unable to estimate an amount, or range of potential losses, if any, from this matter. The Corporation believes it has adequate legal defenses and intends to defend this matter vigorously. The Corporation's financial condition, results of operations, and cash flows, could be materially affected during a future fiscal quarter or fiscal year by unfavorable developments or outcome regarding this claim.

In addition to the CNRL litigation, the Corporation is party to a number of other legal actions and claims, none of which individually or in the aggregate, in the opinion of management, are expected to have a material effect on the Corporation's results of operations or financial position.

Letters of Credit and Other Financial Arrangements

The Corporation enters into standby letters of credit agreements and guarantees with financial institutions and customers primarily relating to guarantees of repayment, future performance on certain contracts to provide products and services, and to secure advance payments from certain international customers. As of September 30, 2016 and December 31, 2015, there were \$36.9 million and \$37.3 million of stand-by letters of credit outstanding, respectively, and \$13.9 million and \$14.7 million of bank guarantees outstanding, respectively. In addition, the Corporation is required to provide the Nuclear Regulatory Commission financial assurance demonstrating its ability to cover the cost of decommissioning its Cheswick, Pennsylvania facility upon closure, though the Corporation does not intend to close this facility. The Corporation has provided this financial assurance in the form of a \$56.0 million surety bond.

AP1000 Program

The Electro-Mechanical Division, which is within the Corporation's Power segment, is the reactor coolant pump (RCP) supplier for the Westinghouse AP1000 nuclear power plants under construction in China and the United States. The terms of

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the AP1000 China and United States contracts include liquidated damage penalty provisions for failure to meet contractual delivery dates if the Corporation caused the delay and the delay was not excusable. On October 10, 2013, the Corporation received a letter from Westinghouse stating entitlements to the maximum amount of liquidated damages allowable under the AP1000 China contract from Westinghouse of approximately \$25 million. The Corporation would be liable for liquidated damages under the contract if certain contractual delivery dates were not met and if the Corporation was deemed responsible for the delay. As of September 30, 2016, the Corporation has not met certain contractual delivery dates under its AP 1000 China and US contracts; however there are significant uncertainties as to which parties are responsible for the delays. The Corporation believes it has adequate legal defenses and intends to vigorously defend this matter. Given the uncertainties surrounding the responsibility for the delays no accrual has been made for this matter as of September 30, 2016. As of September 30, 2016, the range of possible loss is \$0 to \$55.5 million.

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PART I- ITEM 2
MANAGEMENT'S DISCUSSION and ANALYSIS of
FINANCIAL CONDITION and RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

Except for historical information, this Quarterly Report on Form 10-Q may be deemed to contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Examples of forward-looking statements include, but are not limited to: (a) projections of or statements regarding return on investment, future earnings, interest income, sales, volume, other income, earnings or loss per share, growth prospects, capital structure, and other financial terms, (b) statements of plans and objectives of management, (c) statements of future economic performance, and (d) statements of assumptions, such as economic conditions underlying other statements. Such forward-looking statements can be identified by the use of forward-looking terminology such as "anticipates," "believes," "continue," "could," "estimate," "expects," "intend," "may," "might," "outlook," "potential," "predict," "should," "will," as well as variations of any of the foregoing or variations of such terms or comparable terminology, or by discussion of strategy. No assurance may be given that the future results described by the forward-looking statements will be achieved. While we believe these forward-looking statements are reasonable, they are only predictions and are subject to known and unknown risks, uncertainties, and other factors, many of which are beyond our control, which could cause actual results, performance, or achievement to differ materially from anticipated future results, performance, or achievement expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, those described in "Item 1A. Risk Factors" of our 2015 Annual Report on Form 10-K, and elsewhere in that report, those described in this Quarterly Report on Form 10-Q, and those described from time to time in our future reports filed with the Securities and Exchange Commission. Such forward-looking statements in this Quarterly Report on Form 10-Q include, without limitation, those contained in Item 1. Financial Statements and Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Given these risks and uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. These forward-looking statements speak only as of the date they were made, and we assume no obligation to update forward-looking statements to reflect actual results or changes in or additions to the factors affecting such forward-looking statements.

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PART I - ITEM 2
MANAGEMENT'S DISCUSSION and ANALYSIS of
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COMPANY ORGANIZATION

Curtiss-Wright Corporation is a diversified, multinational provider of highly engineered, technologically advanced, value-added products and services to a broad range of industries which are reported through our Commercial/Industrial, Defense, and Power segments. We are positioned as a market leader across a diversified array of niche markets through engineering and technological leadership, precision manufacturing, and strong relationships with our customers. We provide products and services to a number of global markets and have achieved balanced growth through the successful application of our core competencies in engineering and precision manufacturing. Our overall strategy is to be a balanced and diversified company, less vulnerable to cycles or downturns in any one market, and to establish strong positions in profitable niche markets. Approximately 38% of our 2016 revenues are expected to be generated from defense-related markets.

RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is intended to help the reader understand the results of operations and financial condition of the Corporation for three and nine month periods ended September 30, 2016. The financial information as of September 30, 2016 should be read in conjunction with the financial statements for the year ended December 31, 2015 contained in our Form 10-K.

The MD&A is organized into the following sections: Consolidated Statements of Earnings, Results by Business Segment, and Liquidity and Capital Resources. Our discussion will be focused on the overall results of continuing operations followed by a more detailed discussion of those results within each of our reportable segments.

Our three reportable segments are generally concentrated in a few end markets; however, each may have sales across several end markets. An end market is defined as an area of demand for products and services. The sales for the relevant markets will be discussed throughout the MD&A.

Analytical Definitions

Throughout management's discussion and analysis of financial condition and results of operations, the terms "incremental" and "organic" are used to explain changes from period to period. The term "incremental" is used to highlight the impact acquisitions and divestitures had on the current year results. The results of operations for acquisitions are incremental for the first twelve months from the date of acquisition. Additionally, the results of operations of divested businesses are removed from the comparable prior year period for purposes of calculating "organic" or "incremental" results. The definition of "organic" excludes the effect of foreign currency translation.

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MANAGEMENT'S DISCUSSION and ANALYSIS of
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Consolidated Statements of Earnings

(In thousands)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2016	2015	% change	2016	2015	% change
Sales						
Commercial/Industrial	\$275,649	\$292,557	(6)%	\$840,422	\$894,909	(6)%
Defense	113,949	117,444	(3)%	333,301	350,595	(5)%
Power	117,494	115,534	2 %	369,643	371,424	— %
Total sales	\$507,092	\$525,535	(4)%	\$1,543,366	\$1,616,928	(5)%
Operating income						
Commercial/Industrial	\$39,067	\$40,259	(3)%	\$108,076	\$128,801	(16)%
Defense	28,822	25,477	13 %	64,276	67,895	(5)%
Power	14,130	13,545	4 %	44,872	34,511	30 %
Corporate and eliminations	(5,446)	(15,468)	65 %	(15,299)	(29,117)	47 %
Total operating income	\$76,573	\$63,813	20 %	\$201,925	\$202,090	— %
Interest expense	10,488	8,972	17 %	30,694	26,953	14 %
Other income, net	483	161	NM	818	605	NM
Earnings before taxes	66,568	55,002	21 %	172,049	175,742	(2)%
Provision for income taxes	(20,636)	(16,860)	22 %	(53,335)	(54,256)	(2)%
Net earnings from continuing operations	\$45,932	\$38,142		\$118,714	\$121,486	
New orders	\$500,127	\$494,096	1 %	\$1,652,396	\$1,648,080	— %

NM- not a meaningful percentage

Components of sales and operating income increase (decrease):

	Three Months Ended September 30, 2016 vs. 2015		Nine Months Ended September 30, 2016 vs. 2015	
	Sales	Operating Income	Sales	Operating Income
Organic	(3%) 17 %	(4%) (4 %)	(4%) (4 %)	(4 %)
Acquisitions	—% — %	—% — %	—% — %	— %
Foreign currency	(1%) 3 %	(1%) 4 %	(1%) 4 %	— %
Total	(4%) 20 %	(5%) — %	(5%) — %	— %

Sales for the third quarter of 2016 decreased \$18 million, or 4%, to \$507 million, compared with the prior year period. On a segment basis, sales from the Commercial/Industrial segment and Defense segment decreased \$17 million and \$3 million, respectively, while sales in the Power segment increased \$2 million.

Sales during the nine months ended September 30, 2016 decreased \$74 million, or 5%, to \$1,543 million, compared with the prior year period. On a segment basis, sales from the Commercial/Industrial, Defense and Power segments decreased \$55 million, \$17 million, and \$2 million, respectively. Changes in sales by segment are discussed in further detail in the results by business segment section below.

Operating income in the third quarter of 2016 increased \$13 million, or 20%, to \$77 million, and operating margin increased 300 basis points to 15.1% compared with the same period in 2015. The increase in operating income and margin is primarily attributable to a one-time pension settlement charge of \$7 million recorded during the prior year period related to the retirement of the Company's former Chairman. In addition, a shift in mix for our Commercial Off-the-Shelf (COTS) products and smaller

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non-recurring items benefited operating income and operating margin in the Defense segment. These increases were partially offset by lower operating income in the Commercial/Industrial segment, primarily due to lower sales volumes on severe-service industrial valves and surface treatment services. Operating income for the Power segment was essentially flat as higher AP1000 sales volumes and lower costs were partially offset by lower sales volumes supporting domestic nuclear operating reactors.

For the first nine months of 2016, operating income was flat against the prior year period and operating margin increased 600 basis points to 13.1%. Decreases in operating income and operating margin in the Commercial/Industrial segment were primarily driven by lower sales volumes of our severe-service industrial valves and surface treatment services, partially offset by improved operating income in the Power segment, primarily driven by higher AP1000 sales volumes and lower costs. The remaining decrease was offset by lower corporate expenses due to lower pension charges, primarily related to the retirement of the Company's former Chairman during the prior year period.

Non-segment operating expense in the third quarter and first nine months of 2016 decreased \$10 million, or 65%, to \$5 million and \$14 million, or 47%, to \$15 million, respectively, from the comparable prior year periods. These decreases were primarily due to the one-time pension settlement charge discussed above and lower pension expenses.

Interest expense in the third quarter and first nine months of 2016 increased \$2 million, or 17%, to \$10 million and \$4 million, or 14%, to \$31 million, respectively, from the comparable prior year periods. These decreases were primarily due to the termination of our interest rate swaps in the first quarter of 2016.

The effective tax rate for the three months ended September 30, 2016 was 31.0%, as compared to an effective tax rate of 30.7% in the prior year period. The increase in the effective tax rate was primarily due to reduced foreign earnings offset by certain valuation allowances that did not recur in the current period. The effective tax rate for the nine months ended September 30, 2016 of 31.0% was essentially flat compared to an effective tax rate of 30.9% in the prior year period.

Comprehensive income in the third quarter of 2016 was \$35 million, compared to a comprehensive loss of \$3 million in the prior year period. The change was primarily due to the following:

Net earnings increased \$12 million, primarily due to higher earnings from continuing operations of \$8 million as higher operating income was partially offset by higher interest expense. Net earnings also benefited from higher earnings from discontinued operations of \$4 million which were zero in the current period as compared to a loss of \$4 million in the prior period.

Foreign currency translation adjustments in the third quarter of 2016 resulted in a \$12 million comprehensive loss, compared to a \$38 million comprehensive loss in the prior year period. The comprehensive loss during the current period was primarily attributed to decreases in the British Pound.

Pension and postretirement adjustments within comprehensive income of \$2 million were essentially flat against the comparable prior year period.

Comprehensive income in the first nine months of 2016 was \$97 million, compared to comprehensive income of \$19 million in the prior year period. The change was primarily due to the following:

Net earnings increased \$43 million, primarily due to the increase in earnings from discontinued operations which were zero in the current period as compared to a loss of \$46 million in the prior period. This increase was partially offset by a decrease of \$3 million in earnings from continuing operations due primarily to higher interest expense. Foreign currency translation adjustments for the first nine months of 2016 resulted in a \$27 million comprehensive loss, compared to a \$62 million comprehensive loss in the prior period. The comprehensive loss during the current period was primarily attributed to decreases in the British Pound, partially offset by increases in the Canadian dollar.

- Pension and postretirement adjustments within comprehensive income decreased approximately \$1 million, to \$5 million, due to a reduction in the amortization of prior service costs and actuarial losses.

New orders increased \$6 million during the three months ended September 30, 2016, from the prior year period. The increase in new orders was primarily due to timing of funding with government customers in the Defense segment. New orders in the Commercial/Industrial segment increased due to the timing of orders received from Boeing. These increases were partially offset by a decrease in new orders in the Power segment due to the timing of funding for pumps and generators with government customers.

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New orders increased \$4 million during the nine months ended September 30, 2016, from the prior year period. The increase in new orders in the Power segment was primarily due to the purchase of pumps by a commercial customer and the timing of funding of government orders. New orders in the Commercial/Industrial segment increased due to the timing of orders received from Boeing and growth in our naval valves, partially offset by lower demand for our severe-service valves. These net increases were partially offset by decreases in the Defense segment primarily due to a significant turret drive stabilization systems (TDSS) production contract received during the second quarter of 2015 as well as the timing of government orders.

RESULTS BY BUSINESS SEGMENT

Commercial/Industrial

The following tables summarize sales, operating income and margin, and new orders within the Commercial/Industrial segment.

(In thousands)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2016	2015	% change	2016	2015	% change
Sales	\$275,649	\$292,557	(6 %)	\$840,422	\$894,909	(6 %)
Operating income	39,067	40,259	(3 %)	108,076	128,801	(16 %)
Operating margin	14.2 %	13.8 %	40 bps	12.9 %	14.4 %	(150) bps
New orders	\$283,185	\$280,009	1 %	\$920,904	\$886,683	4 %

Components of sales and operating income increase (decrease):

	Three Months Ended September 30, 2016 vs. 2015		Nine Months Ended September 30, 2016 vs. 2015	
	Sales	Operating Income	Sales	Operating Income
Organic	(5%)	(6 %)	(5%)	(19 %)
Acquisitions	—%	— %	—%	— %
Foreign currency	(1%)	3 %	(1%)	3 %
Total	(6%)	(3 %)	(6%)	(16 %)

Sales in the Commercial/Industrial segment are primarily generated from the commercial aerospace and general industrial markets, and to a lesser extent the defense and power generation markets.

Sales in the third quarter decreased \$17 million, or 6%, to \$276 million from the prior year period. The decrease in sales is primarily due to lower sales of severe-service valves to oil and gas markets of \$13 million and a reduction in

sales for industrial vehicle products.

Sales during the nine months ended September 30, 2016 decreased \$55 million, or 6%, to \$840 million from the prior year period. In the general industrial market, we experienced lower sales of severe-service valves to oil and gas markets of \$42 million and a reduction in sales for our industrial vehicle, medical mobility, and industrial automation products. Within the commercial aerospace market, higher sales of actuation and sensors and control products, primarily to Boeing, were partially offset by lower sales of surface technology services, primarily to Airbus.

Operating income during the third quarter decreased \$1 million, or 3%, to \$39 million from the prior year period, while operating margin increased 40 basis points to 14.2%. The decrease in operating income was primarily driven by lower sales

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volumes of our severe-service industrial valves and surface treatment services with operating margin benefiting from our margin improvement and cost containment initiatives.

Operating income during the nine months ended September 30, 2016 decreased \$21 million, or 16%, to \$108 million from the prior year period, while operating margin decreased 150 basis points to 12.9%. The decreases in operating income and operating margin were primarily driven by lower sales volumes of our severe-service industrial valves and surface technology treatment services. These decreases were partially offset by the benefit of our margin improvement initiatives and favorable foreign currency translation of approximately \$3 million.

New orders increased \$3 million and \$34 million during the three and nine months ended September 30, 2016, respectively, against the comparable prior year periods. The increase in new orders is primarily due to the timing of orders received from Boeing and growth in our naval valves, partially offset by lower demand for our severe-service valves.

Defense

The following tables summarize sales, operating income and margin, and new orders within the Defense segment.

(In thousands)	Three Months Ended			Nine Months Ended		
	September 30,			September 30,		
	2016	2015	% change	2016	2015	% change
Sales	\$113,949	\$117,444	(3 %)	\$333,301	\$350,595	(5 %)
Operating income	28,822	25,477	13 %	64,276	67,895	(5 %)
Operating margin	25.3 %	21.7 %	360 bps	19.3 %	19.4 %	(10) bps
New orders	\$130,055	\$102,256	27 %	\$328,679	\$387,256	(15 %)

Components of sales and operating income increase (decrease):

	Three Months Ended		Nine Months Ended	
	September 30, 2016 vs. 2015		September 30, 2016 vs. 2015	
	Sales	Operating Income	Sales	Operating Income
Organic	(2%) 10 %	(4%) (12 %)	(4%) 10 %	(12 %)
Acquisitions	—% — %	—% — %	—% — %	—% — %
Foreign currency	(1%) 3 %	(1%) 7 %	(1%) 7 %	(1%) 7 %
Total	(3%) 13 %	(5%) (5 %)	(5%) 13 %	(5 %)

Sales in the Defense segment are primarily to the defense markets and, to a lesser extent, the commercial aerospace and the general industrial markets.

Sales in the third quarter decreased \$3 million, or 3%, to \$114 million from the prior year period, primarily due to lower sales in the aerospace defense market. The decrease is primarily due to lower sales of embedded computing products on various fighter jet and Intelligence, Surveillance and Reconnaissance (ISR) programs.

Sales during the nine months ended September 30, 2016 decreased \$17 million, or 5%, to \$333 million from the prior year period, primarily due to lower sales in the aerospace defense and commercial aerospace markets. The decrease in sales in the aerospace defense market is primarily due to lower foreign military sales. Sales in the commercial aerospace market decreased primarily due to lower sales of avionics and electronics products.

Operating income during the third quarter increased \$3 million, or 13%, to \$29 million, and operating margin increased 360 basis points from the prior year quarter to 25.3%. The increases in operating income and operating margin were primarily driven by a shift in mix for our COTS products and smaller non-recurring items.

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Operating income during the nine months ended September 30, 2016 decreased \$4 million, or 5%, to \$64 million, and operating margin decreased 10 basis points from the prior year period to 19.3%. The decreases in operating income and operating margin were driven primarily by lower sales volumes in our commercial avionics and electronics business as well as a favorable prior year adjustment of \$4 million related to the receipt of a TDSS production contract. These decreases were partially offset by favorable foreign currency translation of approximately \$5 million.

New orders increased \$28 million during the three months ended September 30, 2016 primarily due to the timing of funding with government customers. New orders decreased \$59 million during the nine months ended September 30, 2016 primarily due to a significant TDSS production contract received during the second quarter of 2015 as well as the timing of government orders.

Power

The following tables summarize sales, operating income and margin, and new orders within the Power segment.

(In thousands)	Three Months Ended			Nine Months Ended		
	September 30,		% change	September 30,		% change
	2016	2015		2016	2015	
Sales	\$117,494	\$115,534	2 %	\$369,643	\$371,424	— %
Operating income	14,130	13,545	4 %	44,872	34,511	30 %
Operating margin	12.0 %	11.7 %	30 bps	12.1 %	9.3 %	280 bps
New orders	\$86,887	\$111,831	(22 %)	\$402,813	\$374,141	8 %

Components of sales and operating income increase (decrease):

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016 vs. 2015		2016 vs. 2015	
	Sales	Operating Income	Sales	Operating Income
Organic	2 %	4 %	4 %	30 %
Acquisitions	— %	— %	4 %	— %
Foreign currency	— %	— %	4 %	— %
Total	2 %	4 %	4 %	30 %

Sales in the Power segment are primarily to the power generation and naval defense markets.

Sales in the third quarter increased \$2 million, or 2%, to \$117 million, from the prior year period, primarily due to higher sales in the naval defense market. This increase is primarily due to higher development sales of pumps and generators of \$4 million supporting the new Ohio-class replacement submarine program and higher production levels of \$4 million on the Electromagnetic Aircraft Launching System (EMALS) program. These increases were partially offset by lower sales of \$6 million of CVN-79 pumps and valves as production is nearing completion. Within the power generation market, sales decreased due to lower aftermarket sales of \$10 million supporting domestic and

international nuclear operating reactors. This decline was mostly offset by higher production levels on the AP1000 programs.

Sales for the nine months ended September 30, 2016 decreased \$2 million, or less than 1%, to \$370 million from the prior year period, primarily due to lower sales of \$7 million in the power generation market. This decrease is primarily due to lower aftermarket sales of \$20 million supporting domestic nuclear operating reactors which was partially offset by higher production levels on the AP1000 program of \$14 million. Within the naval defense market, sales increased \$5 million primarily due to higher sales of pumps and generators of \$14 million supporting the new Ohio-class replacement submarine program and higher

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production levels of \$4 million on the EMALS program, partially offset by lower sales of \$13 million of CVN-79 pumps and valves as production is nearing completion.

Operating income in the third quarter of 2016 increased \$1 million, or 4%, to \$14 million, and operating margin increased 30 basis points from the prior year period to 12.0%. The increases in operating income and operating margin were driven primarily by higher sales volumes and lower costs on the AP1000 program, partially offset by lower operating income due to lower sales volumes supporting domestic nuclear operating reactors.

Operating income during the nine months ended September 30, 2016 increased \$10 million, or 30%, to \$45 million, and operating margin increased 280 basis points from the prior year period to 12.1%. The increases in operating income and operating margin were driven by higher sales volumes and lower costs on the AP1000 program. Additionally, in the prior period we recorded an unfavorable contract adjustment of \$11.5 million that was partially offset by a one-time net benefit of \$7 million due to the receipt of a termination change order on the former Progress Energy AP1000 plant. These increases were partially offset by lower operating income due to the unfavorable impact of lower sales volumes supporting domestic nuclear operating reactors.

New orders decreased \$25 million during the three months ended September 30, 2016 primarily due to the timing of funding for pumps and generators with government customers. New orders increased \$29 million during the nine months ended September 30, 2016 primarily due to an order placed during the current period for the purchase of pumps by a commercial customer and the timing of funding of government orders.

SUPPLEMENTARY INFORMATION

The table below depicts sales by end market. End market sales help provide an enhanced understanding of our businesses and the markets in which we operate. The table has been included to supplement the discussion of our consolidated operating results.

Net Sales by End Market

(In thousands)	Three Months Ended September 30,			Nine Months Ended September 30,		
	2016	2015	% change	2016	2015	% change
Defense markets:						
Aerospace	\$77,990	\$81,758	(5 %)	\$215,586	\$228,865	(6 %)
Ground	19,599	18,522	6 %	58,654	61,415	(4 %)
Naval	100,054	96,229	4 %	297,512	286,113	4 %
Other	4,391	1,410	211 %	8,185	4,960	65 %
Total Defense	\$202,034	\$197,919	2 %	\$579,937	\$581,353	— %
Commercial markets:						
Aerospace	\$94,241	\$94,476	— %	\$299,052	\$294,554	2 %
Power Generation	89,600	87,371	3 %	285,030	294,848	(3 %)
General Industrial	121,217	145,769	(17 %)	379,347	446,173	(15 %)
Total Commercial	\$305,058	\$327,616	(7 %)	\$963,429	\$1,035,575	(7 %)

Total Curtiss-Wright \$507,092 \$525,535 (4 %) \$1,543,366 \$1,616,928 (5 %)

Note: Certain amounts in the prior year have been reclassified to conform to the current year presentation.

Defense markets

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Sales during the three months ended September 30, 2016 increased \$4 million, or 2%, to \$202 million against the prior year period, primarily due to higher sales supporting the Phalanx close-in weapon system to the naval defense market. This increase was partially offset by lower sales of embedded computing products to the aerospace defense market.

Sales during the nine months ended September 30, 2016 decreased \$1 million, or less than 1%, to \$580 million from the prior year, primarily due to lower sales in the aerospace defense and ground defense markets. The decrease in sales in the aerospace defense market is primarily due to lower foreign military sales. The decrease in sales in the ground defense market is primarily to lower sales of TDSS products on international ground defense platforms, partially offset by increased sales of embedded computing products on the G/ATOR program. These decreases were partially offset by higher sales in naval defense primarily related to the development phase of the Ohio replacement submarine program.

Commercial markets

Sales during the three months ended September 30, 2016 decreased \$23 million, or 7%, to \$305 million, from the prior year, primarily due to decreases in the general industrial market as a result of reduced sales of our severe-service industrial valves and industrial vehicle products.

Sales during the first nine months ended September 30, 2016 decreased \$72 million, or 7%, to \$964 million from the prior year, primarily due to decreases in the general industrial and power generation markets. Lower sales in the general industrial market were primarily a result of reduced sales of our severe-service industrial valves and industrial vehicle, medical mobility, and industrial automation products. Lower sales in the power generation market were primarily attributable to lower aftermarket sales supporting domestic nuclear operating reactors, partially offset by higher production levels on the AP1000 programs. These decreases were partially offset due to increased sales in the commercial aerospace market from higher sales of actuation and sensors and control products, primarily to Boeing.

LIQUIDITY AND CAPITAL RESOURCES

Sources and Use of Cash

We derive the majority of our operating cash inflow from receipts on the sale of goods and services and cash outflow for the procurement of materials and labor; cash flow is therefore subject to market fluctuations and conditions. Most of our long-term contracts allow for several billing points (progress or milestone) that provide us with cash receipts as costs are incurred throughout the project rather than upon contract completion, thereby reducing working capital requirements. In some cases, these payments can exceed the costs incurred on a project. Management continually evaluates cash utilization alternatives, including share repurchases, acquisitions, increased dividends, and paying down debt, to determine the most beneficial use of available capital resources. We believe that our cash and cash equivalents, cash flow from operations, available borrowings under the credit facility, and ability to raise additional capital through the credit markets, are sufficient to meet both the short-term and long-term capital needs of the organization.

Condensed Consolidated Statements of Cash Flows

(In thousands)

	September 30, 2016	September 30, 2015
Cash provided by (used):		
Operating activities	\$ 267,212	\$ (4,691)
Investing activities	(24,191)	1,308
Financing activities	(67,668)	(186,305)
Effect of exchange-rate changes on cash	(11,997)	(12,503)
Net increase (decrease) in cash and cash equivalents	163,356	(202,191)

Net cash provided by operating activities increased \$272 million from the prior year period. The increase was primarily due to a voluntary pension contribution of \$145 million made during the first quarter of 2015. The remaining increase in cash from operating activities is primarily due to net collections in 2016 related to the AP1000 program of \$97 million, and a one-time \$20 million benefit as a result of the interest rate swap termination.

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Net cash used for investing activities increased \$25 million from the prior year period. Cash provided by investing activities in 2015 benefited from cash received from divestitures of \$37 million, partially offset by cash used for acquisitions of \$13 million. Capital expenditures of \$26 million during the nine months ended September 30, 2016 were relatively consistent with the prior year period.

Financing Activities

Debt

The Corporation's debt outstanding had an average interest rate of 4.0% and 3.9% for the three and nine months ended September 30, 2016, respectively, as compared to an average interest rate of 3.3% for the comparable periods ended September 30, 2015. The increase in average interest rates on the Corporation's outstanding debt is primarily attributable to the termination of our interest rate swaps in February 2016. The Corporation's average debt outstanding for both the three and nine months ended September 30, 2016 was \$950 million, as compared to \$953 million and \$957 million, respectively in the comparable periods ended September 30, 2015.

Revolving Credit Agreement

As of the end of September 30, 2016, the Corporation had no outstanding borrowings under the 2012 Senior Unsecured Revolving Credit Agreement (the "Credit Agreement" or "credit facility") and \$37 million in letters of credit supported by the credit facility. The unused credit available under the Credit Agreement at September 30, 2016 was \$463 million, which could be borrowed without violating any of our debt covenants.

Repurchase of common stock

During the nine months ended September 30, 2016, the Corporation used \$80 million of cash to repurchase approximately 1,035,000 outstanding shares under its share repurchase program. During the nine months ended September 30, 2015, the Corporation used \$185 million of cash to repurchase approximately 2,665,000 outstanding shares.

Dividends

The Corporation made dividend payments of \$12 million during each of the nine month periods ended September 30, 2016 and September 30, 2015, respectively.

Debt Compliance

As of the date of this report, we were in compliance with all debt agreements and credit facility covenants, including our most restrictive covenant, which is our debt to capitalization limit of 60%. The debt to capitalization limit is a measure of our indebtedness (as defined per the notes purchase agreement and credit facility) to capitalization, where capitalization equals debt plus equity, and is the same for and applies to all of our debt agreements and credit facility.

As of September 30, 2016, we had the ability to borrow additional debt of \$834 million without violating our debt to capitalization covenant.

CRITICAL ACCOUNTING POLICIES

Our condensed consolidated financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America. Preparation of these statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. These estimates and assumptions are affected by the application of our accounting policies. Critical accounting policies are those that require application of management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain and may change in subsequent periods. A summary of significant accounting policies and a description of accounting policies that are considered critical may be found in our 2015 Annual Report on Form 10-K, filed with the U.S. Securities and Exchange Commission on February 25, 2016, in the Notes to the Consolidated Financial Statements, Note 1, and the Critical Accounting Policies section of Management's Discussion and Analysis of Financial Condition and Results of Operations.

CURTISS WRIGHT CORPORATION and SUBSIDIARIES

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There has been no material changes in our market risk during the nine months ended September 30, 2016. Information regarding market risk and market risk management policies is more fully described in item “7A.Quantitative and Qualitative Disclosures about Market Risk” of our 2015 Annual Report on Form 10-K.

Item 4. CONTROLS AND PROCEDURES

As of September 30, 2016, our management, including our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Based on such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective as of September 30, 2016 insofar as they are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission’s rules and forms, and they include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended September 30, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

In the ordinary course of business, we and our subsidiaries are subject to various pending claims, lawsuits, and contingent liabilities. We do not believe that the disposition of any of these matters, individually or in the aggregate, will have a material effect on our consolidated financial position or results of operations.

In December 2013, the Corporation, along with other unaffiliated parties, received a claim from Canadian Natural Resources Limited (CNRL) filed in the Court of Queen's Bench of Alberta, Judicial District of Calgary. The claim pertains to a January 2011 fire and explosion at a delayed coker unit at its Fort McMurray refinery that resulted in the injury of five CNRL employees, damage to property and equipment, and various forms of consequential loss such as loss of profit, lost opportunities, and business interruption. The fire and explosion occurred when a CNRL employee bypassed certain safety controls and opened an operating coker unit. The total quantum of alleged damages arising from the incident has not been finalized, but is estimated to meet or exceed \$1 billion. The Corporation maintains various forms of commercial, property and casualty, product liability, and other forms of insurance; however, such insurance may not be adequate to cover the costs associated with a judgment against us. The Corporation is currently unable to estimate an amount, or range of potential losses, if any, from this matter. The Corporation believes it has adequate legal defenses and intends to defend this matter vigorously. The Corporation's financial condition, results of operations, and cash flows, could be materially affected during a future fiscal quarter or fiscal year by unfavorable developments or outcome regarding this claim.

We or our subsidiaries have been named in a number of lawsuits that allege injury from exposure to asbestos. To date, neither we nor our subsidiaries have been found liable or paid any material sum of money in settlement in any case. We believe that the minimal use of asbestos in our past and current operations and the relatively non-friable condition of asbestos in our products makes it unlikely that we will face material liability in any asbestos litigation, whether individually or in the aggregate. We maintain insurance coverage for these potential liabilities and believe adequate coverage exists to cover any unanticipated asbestos liability.

Item 1A. RISK FACTORS

There has been no material changes in our Risk Factors during the nine months ended September 30, 2016. Information regarding our Risk Factors is more fully described in Item "1A. Risk Factors" of our 2015 Annual Report on Form 10-K.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

The following table provides information about our repurchase of equity securities that are registered by us pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, during the quarter ended September 30, 2016.

	Total Number of shares purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program	Maximum Dollar amount of shares that may yet be Purchased Under the Program
July 1 - July 31	93,700	\$ 84.59	838,847	\$ 137,116,375

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August 1 - August 31	101,800	89.26	940,647	128,030,037
September 1 - September 30	94,000	88.57	1,034,647	119,704,304
For the quarter ended	289,500	\$ 87.52	1,034,647	\$ 119,704,304

On December 9, 2015, the Corporation announced its newly authorized \$200 million share repurchase program. The Company initiated the new program in January 2016 and plans to repurchase at least \$100 million of shares in 2016. Under the current

program, shares may be purchased on the open market, in privately negotiated transactions, and under plans complying with Rules 10b5-1 and 10b-18 under the Securities Exchange Act of 1934, as amended.

Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

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Item 5. OTHER INFORMATION

There have been no material changes in our procedures by which our security holders may recommend nominees to our board of directors during the nine months ended September 30, 2016. Information regarding security holder recommendations and nominations for directors is more fully described in the section entitled “Stockholder Recommendations and Nominations for Director” of our 2016 Proxy Statement on Schedule 14A, which is incorporated by reference to our 2015 Annual Report on Form 10-K.

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Item 6. EXHIBITS		Incorporated by Reference	Filed Herewith
Exhibit No.	Exhibit Description	Form Filing Date	
3.1	Amended and Restated Certificate of Incorporation of the Registrant	8-A/A May 24, 2005	
3.2	Amended and Restated Bylaws of the Registrant	8-K May 18, 2015	
31.1	Certification of David C. Adams, Chairman and CEO, Pursuant to Rules 13a – 14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended		X
31.2	Certification of Glenn E. Tynan, Chief Financial Officer, Pursuant to Rules 13a – 14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended		X
32	Certification of David C. Adams, Chairman and CEO, and Glenn E. Tynan, Chief Financial Officer, Pursuant to 18 U.S.C. Section 1350		X
101.INS	XBRL Instance Document		X
101.SCH	XBRL Taxonomy Extension Schema Document		X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document		X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document		X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document		X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document		X

SIGNATURE

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: /s/ Glenn E. Tynan
Glenn E. Tynan
Vice President Finance / Chief Financial Officer
Dated: October 27, 2016

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