Dear Valued Stockholder:

You are cordially invited to attend the annual meeting of stockholders of Curtiss-Wright Corporation to be held on Friday, May 2, 2014, at the Sheraton Parsippany Hotel, 199 Smith Road, Parsippany, New Jersey 07054, commencing at 10:00 a.m. local time.

The Notice of Annual Meeting and the Proxy Statement which follow this letter provide information concerning matters to be considered and acted upon at the annual meeting. We will present a brief report on our business followed by a question and answer period at the annual meeting.

In accordance with rules adopted by the U.S. Securities and Exchange Commission, we are using the internet as our primary means of furnishing proxy materials to our stockholders. Accordingly, most stockholders will not receive paper copies of our proxy materials. We will instead send our stockholders a notice with instructions for accessing the proxy materials and voting electronically over the internet or by telephone. The notice also provides information on how stockholders may request paper copies of our proxy materials. We believe electronic delivery of our proxy materials will help us reduce the environmental impact and costs of printing and distributing paper copies and improve the speed and efficiency by which our stockholders can access these materials.

We know that many of you are unable to attend the annual meeting in person. The proxies that we solicit give you the opportunity to vote on all matters that are scheduled to come before the annual meeting. Whether or not you plan to attend, you can be sure that your shares are represented by promptly voting and submitting your proxy by phone or by internet as described in the following materials, or if you request that proxy materials be mailed to you, by completing, signing, dating, and returning your proxy card enclosed with those materials in the postage-paid envelope provided to you.

On behalf of your Board of Directors, management, and our employees, I would like to express our appreciation for your continued support.

Sincerely,

DAVID C. ADAMS
President and Chief Executive Officer

CURTISS-WRIGHT CORPORATION

13925 Ballantyne Corporate Place, Suite 400, Charlotte, North Carolina 28277

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To the holders of the common stock of Curtiss-Wright Corporation:

Notice is hereby given that the annual meeting of stockholders (the "Annual Meeting") of Curtiss-Wright Corporation, a Delaware corporation (the "Company"), will be held on Friday, May 2, 2014, at the Sheraton Parsippany Hotel, 199 Smith Road, Parsippany, New Jersey 07054, commencing at 10:00 a.m. local time, for the following purposes:

(1) To elect eleven Directors;

(2) To ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for 2014;

(3) To approve the Company's 2014 Omnibus Incentive Plan;

(4) To hold an advisory (non-binding) vote on Executive Compensation; and

(5) To consider and transact such other business as may properly come before the Annual Meeting.

Only record holders of the Company's common stock at the close of business on March 10, 2014, the record date for the Annual Meeting, are entitled to notice of and to vote at the Annual Meeting. A list of stockholders will be available for examination by any stockholder(s) at the Annual Meeting and at the offices of the Company, 13925 Ballantyne Corporate Place, Suite 400, Charlotte, North Carolina 28277, during the ten days preceding the Annual Meeting date.

All stockholders are cordially invited to attend the Annual Meeting in person. Stockholders who plan to attend the Annual Meeting in person are nevertheless requested to vote their shares electronically over the Internet or by telephone, or if you receive a proxy card in the mail, by mailing the completed proxy card to make certain that their vote will be represented at the Annual Meeting should they be prevented unexpectedly from attending.

By Order of the Board of Directors,

March 21, 2014

PAUL J. FERDENZI
Vice President, Corporate Secretary
and General Counsel

IMPORTANT: WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE PROMPTLY SUBMIT YOUR PROXY ELECTRONICALLY OVER THE INTERNET OR BY TELEPHONE, OR IF YOU RECEIVE A PAPER PROXY CARD, PLEASE FILL IN, SIGN AND PROMPTLY RETURN YOUR PROXY CARD IN THE ENCLOSED POSTAGE-PAID ENVELOPE

***Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on Friday, May 2, 2014*. A combined Notice and Proxy Statement/2013 Annual Report on Form 10-K and Business Review to security holders are available at: www.proxyvote.com.**

CURTISS-WRIGHT CORPORATION
13925 Ballantyne Corporate Place, Suite 400, Charlotte, North Carolina 28277

PROXY STATEMENT

PURPOSE

This Proxy Statement is being furnished in connection with the solicitation of proxies by the Board of Directors of Curtiss-Wright Corporation, a Delaware corporation (the "Company"), for use at the annual meeting of stockholders of the Company (the "Annual Meeting") to be held on Friday, May 2, 2014, at 10:00 a.m. local time, at the Sheraton Parsippany Hotel, 199 Smith Road, Parsippany, New Jersey 07054, and at any adjournments thereof.

INTERNET AVAILABILITY OF PROXY MATERIALS

Pursuant to the rules adopted by the U.S. Securities and Exchange Commission (the "SEC"), the Company is furnishing proxy materials to its stockholders primarily via the internet, rather than mailing paper copies of these materials to each stockholder. The Company believes this process will help it reduce the environmental impact and costs of printing and distributing paper copies and improve the speed and efficiency by which the Company's stockholders can access these materials. On or about March 21, 2014, the Company will mail to each stockholder (other than those stockholders who previously had requested paper delivery of proxy materials) a Notice of Internet Availability of Proxy Materials containing instructions on how to access and review the proxy materials, including this Proxy Statement and the Company's 2013 Annual Report on Form 10-K filed with the SEC, on the internet and how to access a proxy card to vote on the Internet or by telephone. The Notice of Internet Availability of Proxy Materials also contains instructions on how to request a paper copy of the proxy materials. If you received a Notice of Internet Availability of Proxy Materials by mail, you will not receive a paper copy of the proxy materials unless you request one. If you would like to receive a paper copy of the proxy materials, please follow the instructions included in the Notice of Internet Availability of Proxy Materials. The Company may at its discretion voluntarily choose to mail or deliver a paper copy of the proxy materials, including this Proxy Statement and the Company's 2013 Annual Report on Form 10-K filed with the SEC, to one or more stockholders.

INFORMATION CONCERNING THE ANNUAL MEETING

Mailing and Solicitation. A combined Notice and Proxy Statement/2013 Annual Report on Form 10-K and accompanying form of proxy card set forth in Appendix A hereto are being distributed or made available via the internet to the Company's stockholders on or about March 21, 2014. For information about stockholders' eligibility to vote at the Annual Meeting, please see *"Record Date and Outstanding Stock"* below. The cost of the solicitation of proxies will be paid by the Company. The solicitation is to be made primarily by mail but may be supplemented by telephone calls and personal solicitation by officers and other employees of the Company. The Company will reimburse banks and nominees for their expenses in forwarding proxy materials to the Company's beneficial owners.

Proxies. Whether or not you plan to attend the Annual Meeting, the Company requests that you vote prior to the Annual Meeting: (i) via the internet, by following the instructions provided in the Notice of Internet Availability of Proxy Materials, (ii) via telephone, by following the instructions provided in the Notice of Internet Availability of Proxy Materials, or (iii) via mail, by completing, signing, dating and mailing a paper proxy card in a postage-paid return envelope, which a stockholder can request as outlined in the Notice of Internet Availability of Proxy Materials. A control number, contained in the Notice of Internet Availability of Proxy Materials, is designed to verify your identity and allow you to vote your shares, and confirm that your voting instructions have been properly recorded.

If your shares are registered directly in your name, you are the holder of record of these shares and the Company is sending a Notice of Internet Availability of Proxy Materials directly to you. As the holder of record, you have the right to vote by one of the three ways mentioned above or in person at the Annual Meeting. If your shares are held in "street name", your bank, broker or other nominee is sending to you a Notice of Internet Availability of Proxy Materials. As a holder in street name, you have the right to direct your bank, broker, or other nominee how to vote by submitting voting instructions in the manner directed by your bank, broker, or other nominee. If your shares are held in street name and you wish to vote in person at the Annual Meeting, you must obtain a proxy issued in your name from your bank, broker, or other nominee and bring that proxy to the Annual Meeting.

Broker non-votes. Under the rules of the New York Stock Exchange ("NYSE"), a bank, broker, or other nominee who holds shares in "street name" for customers is precluded from exercising voting discretion with respect to the approval of non-routine matters (so called "broker non-votes") in the absence of specific instructions from such customers. The (1) election of Directors (see Proposal One), (2) approval of the Company's 2014 Omnibus Incentive Plan (see Proposal Three), and (3) advisory (non-binding) vote on Executive Compensation (See Proposal Four) are considered "non-routine" matters under applicable NYSE rules and, therefore, a bank, broker, or other nominee is not entitled to vote the shares of Company common stock unless the beneficial owner has given instructions. As such, there may be broker non-votes with respect to these proposals. On the other hand, the ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for 2014 (see Proposal Two) is considered a "routine" matter under applicable NYSE rules, therefore, a bank, broker, or other nominee will have discretionary authority to vote the shares of Company common stock if the beneficial owner has not given instructions and no broker non-votes will occur with respect to this proposal.

Voting In Accordance With Instructions. The shares represented by your properly submitted proxy received by mail, telephone, Internet or in person will be voted in accordance with your instructions. If you are a registered holder and you do not specify in your properly submitted proxy how the shares represented thereby are to be voted, your shares will be voted:

(1) "FOR" the election as Directors of the nominees proposed (see Proposal One),

(2) "FOR" the ratification of Deloitte & Touche LLP as the Company's independent registered public accounting firm for 2014 (see Proposal Two),

(3) "FOR" the approval of the Company's 2014 Omnibus Incentive Plan (see Proposal Three), and

(4) "FOR" the compensation of the Company's named executive officers under the proposal regarding the advisory (non-binding) vote on Executive Compensation (see Proposal Four).

If your shares are held in street name and you do not specify how the shares represented thereby are to be voted, your bank, broker, or other nominee may exercise its discretionary authority to vote on Proposal Two only.

The Board of Directors is not aware of any other matters to be presented for action at the Annual Meeting, but if other matters are properly brought before the Annual Meeting, shares represented by properly completed proxies received by mail, telephone, Internet, or in person will be voted in accordance with the judgment of the persons named as proxies.

Signatures in Certain Cases. If a stockholder is a corporation or unincorporated entity such as a partnership or limited liability company, the enclosed proxy should be signed in its corporate or other entity name by an authorized officer or person and his or her title should be indicated. If shares are registered in the name of two or more trustees or other persons, the proxy must be signed by a majority of them. If shares are registered in the name of a decedent, the proxy should be signed by the executor or administrator and his or her title should follow the signature.

Revocation of Proxies. Whether the proxy is submitted via the internet, telephone, or mail, stockholders have the right to revoke their proxies at any time before a vote is taken. If your shares are registered in your name, you may revoke your proxy (1) by notifying the Corporate Secretary of the Company in writing at the Company's address given above, (2) by executing a new proxy bearing a later date or by submitting a new proxy by telephone or the internet on a later date, provided the new proxy is received by Broadridge Financial Solutions Inc. (which will have a representative present at the Annual Meeting) before the vote, (3) by attending the Annual Meeting and voting in person, or (4) by any other method available to stockholders by law. If your shares are held in street name, you should contact the record holder to obtain instructions if you wish to revoke your vote before the Annual Meeting.

Record Date and Outstanding Stock. The close of business on March 10, 2014 has been fixed as the record date of the Annual Meeting, and only stockholders of record at that time will be entitled to vote. The only capital stock of the Company outstanding is the common stock, par value $1.00 per share (the "Common Stock"). As of March 10, 2014, there were 48,161,543 shares of Common Stock outstanding constituting all the capital stock of the Company entitled to vote at the Annual Meeting. Each stockholder is entitled to one vote for each share of Common Stock held.

Quorum. The presence, in person or by properly executed proxy, of the holders of a majority of the outstanding shares of Common Stock entitled to vote at the Annual Meeting is necessary to constitute a quorum at the Annual Meeting.

Required Vote.

Election of Directors: A plurality of the Common Stock present in person or represented by proxy at the Annual Meeting will elect as Directors the nominees proposed (see Proposal One). However, under our corporate governance guidelines, in an uncontested election where the only nominees are those recommended by the Board, any nominee for director who receives a greater number of votes "withheld" from his or her election than votes "for" his or her election is required to tender his or her resignation following certification of the stockholder vote. The Committee on Directors and Governance is required to make recommendations to the Board with respect to any such letter of resignation. The Board is required to take action with respect to this recommendation and to disclose their decision-making process. Full details of this policy are set out under "Proposal One: Election of Directors" on page 4 of this Proxy Statement.

Ratification of Deloitte & Touche LLP: The affirmative vote of a majority of the shares of Common Stock present in person or represented by proxy is required to approve the ratification of Deloitte & Touche LLP as our independent registered public accounting firm.

Approval of the Company's 2014 Omnibus Incentive Plan: The affirmative vote of a majority of the shares of Common Stock present in person or represented by proxy and eligible to vote on the proposal is required to approve the Company's 2014 Omnibus Incentive Plan.

Advisory (non-binding vote) on Executive Compensation: The affirmative vote of a majority of the shares of Common Stock present in person or represented by proxy and eligible to vote on the proposal is required to approve, on an advisory basis, the compensation of our Named Executive Officers.

Calculating Votes. Under the Delaware General Corporation Law, an abstaining vote and a broker non-vote are counted as present and entitled to vote and are, therefore, included for purposes of determining whether a quorum is present at the Annual Meeting. Abstentions will not be counted as having voted either for or against the election of directors listed in Proposal One. With respect to Proposals Two, Three, and Four, abstentions will be counted as votes against such Proposals. Broker non-votes will not be counted as having voted either for or against any of the Proposals.

Dissenter's Rights of Appraisal. The stockholders have no dissenter's rights of appraisal under the Delaware General Corporation Law, the Company's Restated Certificate of Incorporation or the Company's Amended and Restated By-Laws with respect to the matters to be voted on at the Annual Meeting.

PROPOSAL ONE: ELECTION OF DIRECTORS

General Information

At the date of this Proxy Statement, the Board of Directors of the Company (the "Board" or "Board of Directors") consists of eleven members, nine of whom are non-employee Directors. After extensive discussion, the Board voted on February 11, 2014 to retain John R. Myers and Dr. William W. Sihler as directors for one additional year despite the Board's vote on May 7, 2011 to retain Messrs. Myers and Sihler as directors for only one year beyond reaching their 75th birthday (the Board previously voted on February 12, 2013 to retain Mr. Myers for an additional year beyond that one year extension). The Board believes that this action is in the best interest of the Company as it was concerned that this higher than typical turnover in having to replace two directors in the same year would disrupt the leadership transition and management reorganization of the Chief Executive Officer position from Martin R. Benante to David C. Adams, effective July 29, 2013. This action also retains continuity in Board experience so that the Board's operations would not be adversely affected in having to replace Messrs. Myers and Sihler and also allows Mr. Adams the benefit of working with Messrs. Myers and Sihler and having an extended opportunity to learn about Board practices and culture.

The Committee on Directors and Governance of the Board of Directors has recommended and our full Board of Directors has nominated David C. Adams, Martin R. Benante, Dean M. Flatt, S. Marce Fuller, Dr. Allen A. Kozinski, John R. Myers, John B. Nathman, Robert J. Rivet, Dr. William W. Sihler, Albert E. Smith, and Stuart W. Thorn, each currently serving Directors, to be elected to the Board for a one year term. Pursuant to the Company's Restated Certificate of Incorporation and in connection with the promotion of David C. Adams to President and Chief Executive Officer from President and Chief Operating Officer on July 29, 2013, the Board acting through a majority of Directors increased its membership by electing Mr. Adams as a director on July 29, 2013. Additionally, the Board acting through a majority of Directors increased its membership by electing Stuart W. Thorn as a Director on February 11, 2014. The Committee on Directors and Governance used the services of a third-party executive search firm to assist in identifying and evaluating Mr. Thorn as a nominee for Director. Each nominee has indicated his or her willingness to serve. In the event that any nominee should become unavailable for election, the persons named in the proxy may vote for the election of a substitute nominee.

Directors will be elected by a plurality of votes properly cast (in person or by proxy) at the Annual Meeting. This means that a person will be elected who receives the first through eleventh highest number of votes, even if he or she receives less than a majority of the votes cast. Therefore, stockholders who do not vote or withhold their vote from one or more of the proposed nominees and do not vote for another person, will not affect the outcome of the election provided that a quorum is present at the Annual Meeting. However, under our corporate governance guidelines, in an uncontested election of Directors where the only nominees are those recommended by the Board (which is the case for the election of Directors at this Annual Meeting), any nominee for director who receives a greater number of votes "withheld" from his or her election than votes "for" his or her election (a "Majority Withheld Vote") is required to tender his or her resignation following certification of the stockholder vote. The Committee on Directors and Governance must promptly consider the resignation offer and a range of possible responses based on the circumstances that led to the Majority Withheld Vote, if known, and make a recommendation to the Board. The Board will act on the Committee on Directors and Governance recommendation within 90 days following certification of the stockholder vote. Thereafter, the Board will promptly disclose its decision-making process and decision regarding whether to accept the Director's resignation (or the reason(s) for rejecting the resignation offer, if applicable) in a Form 8-K filed with the SEC. Any Director who tenders his or her resignation pursuant to this provision will not participate in the Committee on Directors and Governance recommendation or the Board action regarding whether to accept or reject the resignation offer.

As further discussed in the section titled *"Broker non-votes"* on page 2 of this Proxy Statement, if you own shares of Common Stock through a bank, broker or other holder of record, you must instruct your bank, broker, or other holder of record how to vote in order for them to vote your shares of Common Stock so that your vote can be counted on this Proposal One.

Information Regarding Nominees

Set forth below is information with respect to the nominees for Directors. Such information includes the principal occupation of each nominee for Director during, at least, the past five years, as well as a brief description of the particular experience, qualifications, attributes or skills that qualify the nominee to serve as a Director of the Company.

David C. Adams, age 60, has served as President and Chief Executive Officer of the Company since August 2013. Prior to his promotion, he served as President and Chief Operating Officer from October 2012; Co-Chief Operating Officer from November 2008; President of Curtiss-Wright Controls from June 2005, and Vice President of the Corporation from November 2005. He has been a Director of the Company since August 2013.

Mr. Adams has been an employee of the Company for more than 13 years, serving in increasing levels of strategic, operational, and managerial responsibility, such as President of the Company's Controls segment, then Vice President of the Company, then Co-Chief Operating Officer of the Company, then President and Chief Operating Officer of the Company before serving in his present capacity. Mr. Adams' ability to grow the Company and in-depth knowledge of the Company's business segments and industries in which they operate, as evidenced by the Company's strong growth during his tenure as Chief Operating Officer and Chief Executive Officer provides the Company a competitive advantage in continuing to improve long-term performance and increase stockholder value.

Martin R. Benante, age 61, has been the Executive Chairman of the Board of Directors since April 2000 and served as Chief Executive Officer of the Company from April 2000 until his retirement from that position in August 2013. He has been a Director of the Company since 1999.

Mr. Benante has been an employee of the Company for more than 35 years, serving in increasing levels of strategic, operational, and managerial responsibility, such as general manager at the Company's Target Rock division, then President of the Company's Flow Control segment, then Vice President of the Company, then as President and Chief Operating Officer of the Company, and then as Chairman and Chief Executive Officer before serving in his present capacity. Mr. Benante's ability to lead and grow the Company and in-depth knowledge of the Company's business segments and industries in which they operate, as evidenced by the Company's strong growth during his tenure as Chief Executive Officer, provides the Company a competitive advantage in continuing to improve long-term performance and increase stockholder value.

Dean M. Flatt, age 63, served as President and Chief Operating Officer of Honeywell International Inc.'s Defense and Space business from July 2005 to July 2008. Prior to that, he served as President of Honeywell International Inc.'s Aerospace Electronics Systems business from December 2001 to July 2005, and also served as President of Honeywell International Inc.'s Specialty Materials and Chemicals business from July 2000 to December 2001. Since May 2010, he has been a member of the Operating Executive Board of JF Lehman & Company, a private equity investment firm. Further, he is serving as a director of Ducommun Incorporated and Industrial Container Services, Inc. (also serving as Chairperson of the Compensation Committee) since January 2009 and January 2012, respectively, and is serving as non-executive Chairman of National Technical Systems, Inc. since January 2014. He has been a Director of the Company since February 2012, and serves as a member of the Audit Committee and the Committee on Directors and Governance.

Mr. Flatt has an in-depth understanding of the aerospace industry, evidenced by his past employment in high level managerial positions at Honeywell International Inc., a leading global supplier of aerospace products, one of the Company's major markets. In addition, Mr. Flatt has extensive experience in evaluating new business opportunities gained while serving on the executive board of a private equity firm. Furthermore, Mr. Flatt has extensive managerial experience in operating a business at the director level, serving as a current director of Ducommun Incorporated, Industrial Container Services, Inc., and National Technical Systems, Inc. Mr. Flatt's ability to lead a company at one of the highest levels of management, coupled with his in-depth knowledge of the aerospace industry and private equity investing provides the Company with a competitive advantage in seeking new opportunities and platforms for its aerospace industry products and services, as well as strengthening the ability of the Company to select strategic acquisitions.

S. Marce Fuller, age 53, was the President and Chief Executive Officer of Mirant Corporation from July 1999 to October 2005, and a Director of Mirant Corporation from July 1999 until January 2006. Since October 2001, she has served as a Director of Earthlink, Inc. where she is currently Chairperson of the Leadership and Compensation Committee. She has been a Director of the Company since 2000 and serves as Chairperson of the Executive Compensation Committee, a member of the Audit Committee, and as a member of the Committee on Directors and Governance.

Ms. Fuller has an in-depth understanding of the power generation industry, evidenced by her past employment at Southern Energy and Mirant Corporation, both leading power generation companies. At these companies, Ms. Fuller served at times in increasing levels of managerial responsibility, beginning with Vice President at Southern Energy and then as President and Chief Executive Officer of both Southern Energy and Mirant Corporation. Ms. Fuller's ability to lead a company at the highest level of management, coupled with her in-depth knowledge of the power generation industry, one of the Company's largest markets, provides the Company a competitive advantage in seeking new opportunities and platforms for its power generation industry products and services.

Dr. Allen A. Kozinski, age 72, served as Group Vice President, Global Refining of BP PLC from 1998 through 2002. He has been a Director of the Company since 2007 and serves as Chairperson of the Committee on Directors and Governance and as a member of the Finance Committee.

Dr. Kozinski has an in-depth understanding of the oil and gas industry, evidenced by his past employment at Amoco Corporation and BP, both leading oil and gas companies. At these companies, Dr. Kozinski served at times in increasing levels of managerial responsibility, beginning with business unit manager and then Vice President, Technology, Engineering and International Development at Amoco, and Group Vice President, Global Refining at BP. Dr. Kozinski's ability to lead a company's business segment at a high level of management, coupled with his in-depth knowledge of the oil and gas industry, one of the Company's largest markets, provides the Company a competitive advantage in seeking new opportunities and platforms for its oil and gas industry products and services.

John R. Myers, age 77, served as Chairman and Chief Executive Officer of Tru-Circle Corporation from June 1999 to July 2003. From 1993 to 1999 he was a limited partner of Carlisle Enterprises, a private equity group, and since 2005 he has served as an Operating Partner of First Atlantic Capital Corporation, a private equity group. From 1994 to May 2002 he served as a Director of Iomega Corporation. He has been a Director of the Company since 1996 and serves as a member of the Executive Compensation Committee and the Committee on Directors and Governance.

Mr. Myers has extensive managerial experience in operating a business at both the officer and director level, evidenced by his service at both Tru-Circle Corporation and Iomega Corporation. In addition, Mr. Myers has an in-depth understanding of the aerospace industry gained while employed by Tru-Circle Corporation, Garrett Aviation Services, and Textron Lycoming Engines, one of the Company's major markets. Furthermore, Mr. Myers has extensive experience in evaluating new business opportunities gained while working at private equity investment companies. Mr. Myer's ability to lead a company at the highest level of management and his knowledge of the aerospace industry and private equity investing provides the Company with a competitive advantage in seeking new opportunities and platforms for its aerospace industry products and services, as well as strengthening the ability of the Company to select strategic acquisitions.

Admiral (Ret.) John B. Nathman, age 65, served as commander of U.S. Fleet Forces Command from February 2005 to May 2007. From August 2004 to February 2005, he served as Vice Chief of Naval Operations in the U.S. Navy. From August 2002 to August 2004, he served as Deputy Chief of Naval Operations for Warfare Requirements and Programs at the Pentagon. From October 2001 to August 2002, he served as Commander, Naval Air Forces. From August 2000 to October 2001, he served as Commander of Naval Air Forces, U.S. Pacific Fleet. He has been a Director of the Company since 2008 and serves as a member of the Finance Committee and the Committee on Directors and Governance.

Admiral Nathman's strong leadership, coupled with an in-depth understanding of U.S. defense spending and military products, evidenced by 37 years of service in high-level commands in the United States Navy, provides the Company a competitive advantage in seeking new opportunities and platforms for its defense industry products and services.

Robert J. Rivet, age 60, was Executive Vice President, Chief Operations and Administrative Officer of Advanced Micro Devices, Inc. from October 2008 to February 2011, and was Executive Vice President, Chief Financial Officer of Advanced Micro Devices, Inc. from September 2000 until October 2009. Since 2009, he has served as a Director of Globalfoundries Inc. He has been a Director of the Company since 2011 and serves as Chairperson of the Audit Committee, a member of the Executive Compensation Committee, and as a member of the Finance Committee.

Mr. Rivet has an in-depth understanding of the preparation and analysis of financial statements based upon his 35 years of financial experience, including nine years as Chief Financial Officer of

Advanced Micro Devices. In addition, Mr. Rivet led numerous acquisition and divestiture activities while at Advanced Micro Devices and Motorola Corporation. Mr. Rivet's extensive financial knowledge will be an invaluable asset to the Board in its oversight of the integrity of the Company's financial statements and the financial reporting process. Additionally, his in-depth understanding of high-technology industries such as the semiconductor business, and experience in mergers and acquisitions provides the Company a competitive advantage in seeking new strategic business opportunities and acquisitions.

Dr. William W. Sihler, age 76, has been the Ronald E. Trzcinski Professor of Business Administration, Darden Graduate School of Business Administration, University of Virginia since 1984. Since 1992, he has served as Director, President, and Treasurer of Southeastern Consultants Group, Ltd. He has been a Director of the Company since 1991 and serves as a member of the Audit Committee and a member of the Finance Committee. Since June 2013, he is also serving as Lead Independent Director of the Company for a term of one year expiring in June 2014, or until his successor is appointed.

Dr. Sihler's in-depth understanding of financial analysis and financial management, and his ability to assess risk, developed over 43 years from teaching financial analysis and financial management courses at graduate school, is an invaluable asset to the Board in order for it to effectively evaluate risk and oversee financial management for the Company.

Albert E. Smith, age 64, served as Chairman of Tetra Tech, Inc. from March 2006 to January 2008 and has been a director of Tetra Tech since May 2005. He has been a director of CDI Corp. since October 2008. From 2002 to 2005, he served as a member of the Secretary of Defense's Science Board. Mr. Smith was employed at Lockheed Martin Corp. from August 1985 to January 2005. Mr. Smith served as an Executive Vice President of Lockheed Martin from September 1999 until June 2005. He has been a Director of the Company since 2006 and serves as Chairperson of the Finance Committee and as a member of the Executive Compensation Committee.

Mr. Smith has an in-depth understanding of the aerospace industry, evidenced by his past employment at Lockheed Martin, a leading aerospace company. At Lockheed, Mr. Smith served in high level managerial positions. In addition, Mr. Smith has extensive managerial experience in operating a business at the director level, serving as a current director of Tetra Tech and CDI Corp., both public companies. Mr. Smith's experience as a director at other public companies and ability to lead a company at one of the highest levels of management, coupled with his in-depth knowledge of the aerospace industry, one of the Company's largest markets, provides the Company a competitive advantage in seeking new opportunities and platforms for its aerospace industry products and services.

Stuart W. Thorn, age 57, has been the President and Chief Executive Officer of Southwire Company since 2002. Prior to this position, he served as President and Chief Operating Officer of Southwire Company from 2001. From 1998 to 2001, he served as President and Chief Operating Officer and from 1997 to 1998 he served as Chief Financial Officer of Beaulieu of America, Inc. From 1995 to 1997, he served as Vice President, International Finance, of Campbell Soup Company, Inc. He has been a Director of the Company since 2014.

Mr. Thorn's extensive managerial experience in operating a business at the highest level of management, gained as a long-serving chief executive officer, and substantial financial expertise, gained while having served in various senior financial officer roles, will be an invaluable asset to the Company in assisting its operational improvement strategy and in supporting the Board in its oversight of the integrity of the Company's financial statements and the financial reporting process.

Directorships at Public Companies

The following table sets forth any directorships at other public companies and registered investment companies held by each nominee for Director at any time during the past five years.

Name of Director	Company
Dean M. Flatt	Ducommun Incorporated
S. Marce Fuller	Earthlink, Inc.
Albert E. Smith	Tetra Tech Inc.
	CDI Corporation

Family Relationships

There are no family relationships between any of the Company's Directors, executive officers, or persons nominated or chosen by the Company to become a director or executive officer.

Certain Legal Proceedings

None of the Company's Directors, executive officers, or persons nominated or chosen by the Company to become a director has been during the past ten years: (i) involved in any bankruptcy petition filed by or against such person or any business of which such person was a general partner or executive officer, either at the time of the bankruptcy or within two years prior to that time; (ii) convicted of any criminal proceeding or subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (iii) subject to any order, judgment, or decree, not subsequently reversed, suspended, or vacated, of any court of competent jurisdiction or Federal or State authority, permanently or temporarily enjoined, barred, suspended, or otherwise limited from involvement in any type of business, securities, futures, commodities, or banking activities; (iv) found by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated; (v) subject of, or a party to, any Federal or State judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated, related to an alleged violation of securities or commodities law or regulation; any law or regulation respecting financial institutions or insurance companies; or any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or (vi) the subject of, or a party to, any sanction or order, not subsequently reversed, suspending, or vacated, of any self-regulatory organization, any registered entity of the Commodity Exchange Act or any equivalent exchange, association, entity, or organization that has disciplinary authority over its members or persons associated with a member.

Compensation of Directors

For information concerning compensation of our Directors, please see "Compensation of Directors" on page 51 of this Proxy Statement.

RECOMMENDATION OF THE BOARD OF DIRECTORS

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF THE NOMINEES FOR DIRECTOR

STRUCTURE AND PRACTICES OF THE BOARD OF DIRECTORS

Corporate Governance Guidelines and Compliance

The Board of Directors has adopted corporate governance guidelines that provide the framework for the governance of the Company. The corporate governance guidelines are available within the Corporate Governance section of the Company's website at *www.curtisswright.com* or by sending a request in writing to the Corporate Secretary, Curtiss-Wright Corporation, 13925 Ballantyne Corporate Place, Suite 400, Charlotte, North Carolina 28277.

The corporate governance guidelines address, among other things, standards for Director independence, meetings of the Board, executive sessions of the Board, committees of the Board, the compensation of Directors, duties of Directors to the Company and its stockholders, and the Board's role in management succession. The Board reviews these principles and other aspects of governance annually.

Meetings of the Board

The Board has regularly scheduled meetings each year and special meetings are held as necessary. In addition, management and the Directors communicate informally on a variety of topics, including suggestions for Board or committee agenda items, recent developments, and other matters of interest to the Directors. Each Director has full access to management.

A meeting of the Company's non-employee Directors in executive session without any employee Directors or members of management present is scheduled at every regularly scheduled Board meeting. During 2013, the non-employee Directors met 10 times in executive session. In June 2013, Dr. William W. Sihler was appointed by the Board to serve as Lead Independent Director for such executive sessions for a period of one year expiring in June 2014, or until his successor is appointed. Previously, the Board appointed a Lead Independent Director for each non-employee Director executive session on a rotating basis, with the members of the Board alternating in the position for each meeting. The Lead Independent Director reviews the agenda items from the meeting with all non-employee Directors and leads discussions with the independent Board members and coordinates follow up discussions with management. For a further discussion on the position of Lead Independent Director, please read the section titled *"Board Leadership Structure"* on page 12 of this Proxy Statement.

Directors are expected to attend all meetings of the Board and each committee on which they serve. In 2013, the Board held 15 meetings and committees of the Board held a total of 21 meetings. During 2013, no Director attended less than 75% of the aggregate number of meetings of the Board of Directors or of the committee or committees on which he or she served, which were held during the period that he or she served.

The Company does not have a formal policy with respect to Director attendance at the annual meeting of stockholders. The Company believes that the potential expense involved with requiring all non-employee Directors to attend the annual meeting of stockholders outweighs the benefit of such attendance because meeting agenda items are generally uncontested, nearly all shares voted are voted by proxy, and stockholder attendance at the meetings is traditionally very low. Accordingly, no non-employee Directors attended the Company's 2013 annual meeting of stockholders. Martin R. Benante, the Company's Executive Chairman of the Board and David C. Adams, the Company's President and Chief Executive Officer, did attend the Company's 2013 annual meeting of stockholders. Mr. Adams will attend the Company's 2014 annual meeting of stockholders where he will be available for questions.

Communication with the Board

Stockholders, employees, and other interested parties wishing to contact the Board directly may initiate in writing any communication with: (i) the Board, (ii) any committee of the Board, (iii) the non-employee Directors as a group, or (iv) any individual non-employee Director by sending the communication to Dr. William W. Sihler, c/o Southeastern Consultants Group, Ltd., P.O. Box 5645, Charlottesville, Virginia, 22905. The name of any specific intended Board recipient should be noted in the communication. However, prior to forwarding any correspondence, Dr. Sihler will review such correspondence and, in his discretion, not forward certain items if they are deemed to be of a commercial nature or sent in bad faith.

Director Independence

The corporate governance guidelines provide independence standards generally consistent with the New York Stock Exchange listing standards. These standards specify the criteria by which the independence of the Company's Directors will be determined and require annually the Board to determine affirmatively that each independent Director has no material relationship with the Company other than as a Director. The Board has adopted the standards set out in the corporate governance guidelines, which are posted within the Corporate Governance section of the Company's website at *www.curtisswright.com*, for its evaluation of the materiality of any Director relationship with the Company. To assist in the Board's determination, each Director completed materials designed to identify any relationship that could affect the Director's independence. On the basis of those materials and the standards described above, the Board has determined that the following Directors are "independent" as required by the New York Stock Exchange listing standards and the Board's corporate governance guidelines: Dean M. Flatt, S. Marce Fuller, Dr. Allen A. Kozinski, John R. Myers, John B. Nathman, Robert J. Rivet, Dr. William W. Sihler, Albert E. Smith, and Stuart W. Thorn. Messrs. Benante and Adams do not meet the corporate governance guidelines independence test and NYSE independence listing standards due to their current position as Executive Chairman and President and Chief Executive Officer of the Company, respectively. There were no other transactions, relationships, or arrangements not otherwise disclosed that were considered by the Board of Directors in determining whether any of the Directors are independent.

All members of the Audit Committee, the Executive Compensation Committee, the Finance Committee, and the Committee on Directors and Governance are independent Directors as defined in the New York Stock Exchange listing standards and in the standards in the Company's corporate governance guidelines.

Code of Conduct

The corporate governance guidelines contain a code of conduct that applies to every Director. The Company also maintains a code of conduct that applies to every employee, including the Company's Executive Chairman, Chief Executive Officer, Chief Financial Officer, and Corporate Controller. The Company designed the corporate governance guidelines and the code of conduct to ensure that its business is conducted in a consistently legal and ethical manner. The corporate governance guidelines include policies on, among other things, conflicts of interest, corporate opportunities, and insider trading. The Company's code of conduct applicable to its employees includes policies on, among other things, employment, conflicts of interest, financial reporting, the protection of confidential information, and insider trading and requires strict adherence to all laws and regulations applicable to the conduct of the Company's business. The Company will disclose any waivers of the codes of conduct pertaining to Directors or senior financial executives on its website at *www.curtisswright.com* in accordance with applicable law and the requirements of the NYSE corporate governance standards. To date, no waivers have been requested or granted. The Company's code of conduct is available within the Corporate Governance section of the Company's website at *www.curtisswright.com* or by sending a request in writing to the Corporate Secretary, Curtiss-Wright Corporation, 13925 Ballantyne Corporate Place, Suite 400, Charlotte, North Carolina 28277.

Board Committees

The Board of Directors has an Audit Committee, an Executive Compensation Committee, a Committee on Directors and Governance, and a Finance Committee. The Board has adopted a written charter for each of these committees. The full text of each charter is available within the Corporate Governance section of the Company's website at *www.curtisswright.com* or by sending a request in writing to the Corporate Secretary, Curtiss-Wright Corporation, 13925 Ballantyne Corporate Place, Suite 400, Charlotte, North Carolina 28277. The current membership of each committee is as follows:

Director	Audit Committee	Executive Compensation Committee	Committee on Directors and Governance	Finance Committee
Dean M. Flatt	X		X	
S. Marce Fuller	X	X(1)	X	
Dr. Allen A. Kozinski			X(1)	X
John R. Myers		X	X	
John B. Nathman			X	X
Robert J. Rivet	X(1)	X		X
Dr. William W. Sihler	X			X
Albert E. Smith		X		X(1)

(1) Denotes Chairperson

Audit Committee. The Audit Committee presently consists of four directors. The Audit Committee met five times during 2013. The Audit Committee assists the Board in fulfilling its oversight responsibility relating to the integrity of the Company's financial statements and the financial reporting process; the systems of internal accounting and financial controls; the performance of the Company's internal audit function; the annual independent audit of the Company's financial statements; the performance, qualifications, and independence of its independent registered public accounting firm; risk assessment and management; and the Company's compliance and ethics programs.

Each member of the Audit Committee meets the independence requirements of the New York Stock Exchange, Rule 10A-3 under the Securities Exchange Act of 1934, and the Company's corporate governance guidelines. In accordance with New York Stock Exchange requirements, the Board in its business judgment has determined that each member of the Audit Committee is financially literate, knowledgeable, and qualified to review financial statements. The Board has also determined that at least one member of the Audit Committee, Robert J. Rivet, is an "audit committee financial expert" as defined in the rules of the SEC.

Executive Compensation Committee. The Executive Compensation Committee presently consists of four directors. The Executive Compensation Committee met ten times during 2013. Each member of the Executive Compensation Committee meets the independence requirements of the New York Stock Exchange and the Company's corporate governance guidelines.

The Executive Compensation Committee determines the compensation of the executive Chairman and President and Chief Executive Officer and recommends to the full Board the compensation levels for the remaining executive officers of the Company. The Executive Compensation Committee also oversees the administration of the Company's executive compensation programs and reviews and evaluates compensation arrangements to assess whether they could encourage undue risk taking. In fulfilling its responsibilities, the Executive Compensation Committee may retain a consultant. For a discussion concerning the process and procedures for the consideration and determination of executive compensation and the role of executive officers and compensation consultants in determining or recommending the amount or form of compensation, see "Compensation Discussion and Analysis" beginning on page 17 of this Proxy Statement.

Committee on Directors and Governance. The Committee on Directors and Governance presently consists of five directors. The Committee on Directors and Governance met three times during 2013. The Committee on Directors and Governance develops policy on the size and composition of the Board, criteria for Director nomination, procedures for the nomination process, and compensation paid to Directors. The committee identifies and recommends candidates for election to the Board. Each member of the Committee on Directors and Governance meets the independence requirements of the New York Stock Exchange and the Company's corporate governance guidelines.

Finance Committee. The Finance Committee presently consists of five directors. The Finance Committee met three times during 2013. The Finance Committee, among other things, advises the Board regarding the capital structure of the Company, the Company's dividend policy, and the investment managers and policies relating to the Company's defined benefit plans. Each member of the Finance Committee meets the independence requirements of the New York Stock Exchange and the Company's corporate governance guidelines.

Board Leadership Structure

The Company is focused on strong corporate governance practices and values independent Board oversight as an essential component of strong corporate performance to enhance stockholder value. The Company's commitment to independent oversight is demonstrated by the independence of all directors, except for our Executive Chairman and President and Chief Executive Officer who is also a director. In addition, as discussed above, all of the members of the Board's Audit Committee, Finance Committee, Executive Compensation Committee, and Committee on Directors and Governance are independent.

The Board believes that each business is unique, and that therefore, the appropriate board leadership structure will depend upon each company's unique circumstances and needs at the time. Historically, the positions of Board Chairman and Chief Executive Officer of the Company were held by the same individual, Martin R. Benante. This pattern changed temporarily beginning August 1, 2013 as then Chairman and Chief Executive Officer Mr. Benante began a twenty-one month phased retirement. On July 29, 2013, Mr. Benante retired from the Chief Executive Officer position and David C. Adams, the then Company's President and Chief Operating Officer, was promoted to the positions of President and Chief Executive Officer and will also serve as a member of the Board. Mr. Benante will remain as Executive Chairman until his full retirement from the Company in April 2015. The Board believes this temporary division of the Chief Executive Officer and Board Chairman positions during this transition period will contribute to the smooth transition of the Company's top executive leadership position to Mr. Adams, enabling him to focus his time and energy on running the day-to-day operations of the Company at a time when he is relatively new to the role, while at the same time ensuring that Mr. Benante's valuable experience, wise judgment, and service would remain available to the Company during the transition period. Following completion of the management transition in April 2015, the positions of Chairman and Chief Executive Officer will again reside in one individual, Mr. Adams. The Board believes at that time it will be in the best interests of the Company and its stockholders for one person to serve as Chairman and Chief Executive Officer. Mr. Adams has been an employee of the Company for more than thirteen years, having served in increasing levels of strategic, operational, and managerial responsibility. He possesses in-depth managerial and operational knowledge of the Company and its industries, as well as the issues, opportunities, and challenges it faces. Thus, he will be best positioned to provide direction and highlight issues that ensure the Board of Directors' time and attention are focused on the most critical matters. In addition, the Board has determined that this leadership structure is optimal because it believes that having one leader serving as both Chairman and Chief Executive Officer fosters decisive leadership, accountability, effective decision-making, and alignment on corporate strategy. Having one person serve as Chairman and Chief Executive Officer also enhances the Company's ability to communicate its message and strategy clearly and consistently to its stockholders, employees, customers, and suppliers. In light of Mr. Adams' experience and knowledge of the Company's business and industries, his ability to speak then as both Chairman and Chief Executive Officer will provide the Company with strong unified leadership.

Mr. Benante fulfills his responsibilities in chairing the Board through close interaction with the Lead Independent Director. In June 2013, the Board determined that its interests would be better served to enhance their focus on corporate governance issues by designating and appointing a Lead Independent Director, and appointed Dr. William W. Sihler to serve in that capacity for a period of one year expiring in June 2014, or until his successor is appointed. Previously, the Board appointed a Lead Independent Director for each non-employee Director executive session on a rotating basis, with the members of the Board alternating in the position for each meeting. The Board has structured the role of its Lead Independent Director to strike an appropriate balance between well-focused and independent leadership on the Board. The Lead Independent Director serves as the focal point for independent Directors regarding resolving conflicts with the Chief Executive Officer, or other independent Directors, and coordinating feedback to the Chief Executive Officer on behalf of independent Directors regarding business issues and Board management. The Lead Independent Director and Chairman are expected to foster a cohesive Board that supports and cooperates with the

Chief Executive Officer's ultimate goal of creating stockholder value. In this regard, the Lead Independent Director's responsibilities include convening and presiding over executive sessions attended only by non-employee Directors, communicating to the Chief Executive Officer the substance of discussions held during those sessions to the extent requested by the participants, serving as a liaison between the Chairman and the Board's independent Directors on sensitive issues, consulting with the Chairman on meeting schedules and agendas, including the format and adequacy of information the Directors receive and the effectiveness of the meeting process, overseeing the Board's self-evaluation process, and presiding at meetings of the Board in the event of the Chairman's unavailability.

The Board believes this governance structure and these practices ensure that strong and independent directors will continue to effectively oversee the Company's management and key issues related to long-term business plans, long-range strategic issues, risks, and integrity.

Board Role in Risk Oversight

The Board of Directors oversees risk to help ensure a successful business at the Company. While the Executive Chairman, President and Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, and other members of the Company's senior leadership team are responsible for the day-to-day management of risk, the Board of Directors is responsible for appraising the Company's major risks and ensuring that appropriate risk management and control procedures are in place.

The Company relies on a comprehensive risk management process to aggregate, monitor, measure, and manage risk. The risk management process is designed to enable the Board to establish a mutual understanding with management of the effectiveness of the Company's risk management practices and capabilities, to review the Company's risk exposure, and to elevate certain key risks for discussion at the Board level. The Company's risk management process is overseen by its Chief Risk Officer. The Chief Risk Officer regularly updates the Audit Committee on the Company's risk management process. The Chairperson of the Audit Committee then reports to the full Board on the risks associated with the Company's operations.

While the Board has the ultimate oversight responsibility for risk management processes, various committees of the Board composed entirely of independent directors also have responsibility for aspects of risk management. The Audit Committee of the Board, acting pursuant to its written charter, serves as the principal agent of the Board in fulfilling the Board's oversight of risk assessment and management. The Audit Committee also performs a central oversight role with respect to financial reporting and compliance risks. The Executive Compensation Committee considers risks in connection with its design of compensation programs for the Company's employees, including the executive officers. The Finance Committee is responsible for assessing risks related to financing matters such as pension plans, capital structure, and equity and debt issuances. The Committee on Directors and Governance oversees risk related to the Company's overall governance, including Board and committee composition, Board size and structure, Director independence, ethical and business conduct, and the Company's corporate governance profile and ratings.

The Board and its committees are kept informed by various reports on risk identification and mitigation provided to them on a regular basis, including reports made at the Board and Committee meetings by management. For example, the Company's Chief Risk Officer and internal audit function maintain oversight over the key areas of the Company's financial processes and controls, and report periodically directly to the Audit Committee for the purpose of assessing and evaluating major strategic, operational, regulatory, information management, and external risks in the Company's business. The Audit Committee then reviews with management such risks and the steps management has taken to monitor, mitigate, and control such risks.

The Board believes that its leadership structure facilitates its oversight of risk by combining Board committees and majority independent Board composition with an experienced Executive Chairman and President and Chief Executive Officer who have detailed knowledge of the Company's business, history, and the complex challenges it faces. The Executive Chairman and President and Chief Executive Officer's in-depth understanding of these matters and involvement in the day-to-day management of the Company positions them to promptly identify and raise key risks to the Board and focus the Board's attention on areas of concern. The independent committee chairs and other Directors also are experienced professionals or executives who can and do raise issues for Board consideration and review and are not hesitant to challenge management. The Board believes there is a well-functioning and effective balance between the non-management Directors and the Executive Chairman and President and Chief Executive Officer that enhances risk oversight.

Stockholder Recommendations and Nominations for Directors

Stockholder Recommendations. The Committee on Directors and Governance will consider stockholder recommendations for Director nominees. A stockholder desiring the committee to consider his or her Director recommendation should deliver a written submission to the Committee on Directors and Governance in care of the Corporate Secretary, Curtiss-Wright Corporation, 13925 Ballantyne Corporate Place, Suite 400, Charlotte, North Carolina 28277. Such submission must include:

(1) the name and address of such stockholder,

(2) the name of such nominee,

(3) the nominee's written consent to serve if elected,

(4) documentation demonstrating that the nominating stockholder is indeed a stockholder of the Company, including the number of shares of stock owned,

(5) a representation (i) that the stockholder is a holder of record of the stock of the Company entitled to vote at such meeting and whether he or she intends to appear in person or by proxy at the meeting, and (ii) whether the stockholder intends or is part of a group that intends to deliver a proxy statement to the Company's stockholders respecting such nominee or otherwise solicit proxies respecting such nominee,

(6) a description of any derivative instruments the stockholder owns for which the Company's shares are the underlying security or any other direct or indirect opportunity the stockholder has to profit from any increase or decrease in the value of the Company's stock,

(7) a description of the extent to which the stockholder has entered into any transaction or series of transactions, including hedging, short selling, borrowing shares, or lending shares, with the effect or intent to mitigate loss to or manage or share risk or benefit of changes in the value or price of share of stock of the Company for, or to increase or decrease the voting power or economic interest of, such stockholder with respect to any shares of stock of the Company,

(8) a description of any proxy, contract, arrangement, understanding, or relationship under which the stockholder has a right to vote any of shares of stock of the Company or influence the voting over any such shares,

(9) a description of any rights to dividends on the shares of stock of the Company the stockholder has that are separated or separable from the underlying shares of stock of the Company,

(10) a description of any performance-related fees (other than asset-based fee) the stockholder is entitled to based on any increase or decrease in the value of the shares of stock of the Company or related derivative instruments,

(11) to the extent known, the name and address of any other stockholder(s) supporting the nomination on the date of the stockholder's submission of the nomination to the Committee on Directors and Governance,

(12) any information relating to the nominee and his or her affiliates that would be required to be disclosed in a proxy solicitation for the election of Directors of the Company pursuant to Regulation 14A under the Securities Exchange Act of 1934, and

(13) a description of all direct and indirect compensation, and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships between such nominating stockholder or beneficial owner, if any, on the one hand, and the nominee and his or her respective affiliates or associates, or others acting in concert therewith, on the other hand.

In addition, such submission must be accompanied by a written questionnaire with respect to the background and qualification of the nominee and the background of any other person or entity on whose behalf the nomination is being made. Further, the nominee must also provide a written representation and agreement that such nominee (i) is not and will not become party to (x) any agreement, arrangement, or understanding as to how such prospective nominee will act or vote on any issue or question that has not been disclosed to the Company, or (y) any agreement, arrangement, or understanding as to how such prospective nominee will act or vote on any issue or question that could limit or interfere with such nominee's ability to comply with such nominee's fiduciary duties, (ii) is not and will not become party to any agreement, arrangement, or understanding with respect to any direct or indirect compensation, reimbursement, or indemnification in connection with service or action as a director, that has not been disclosed to the Company, and (iii) in such person's individual capacity and on behalf of any beneficial owner on whose behalf the nomination is being made, would be in compliance with all applicable corporate governance, conflict of interest, confidentiality, and stock ownership and trading policies and guidelines of the Company. The Committee may require additional information from the nominee to perform its evaluation.

In its assessment of each potential nominee, the Committee on Directors and Governance will review the nominee's judgment, experience, independence, and understanding of the Company's business; the range of talent and experience already represented on the Board; and such other factors that the committee determines are pertinent in light of the current needs of the Company. The committee will also take into account the ability of a nominee to devote the time and effort necessary to fulfill his or her responsibilities as a Company Director.

The Committee on Directors and Governance does not have a formal written policy with regard to considering diversity in identifying nominees for directors, but when considering director candidates it seeks individuals with backgrounds and qualities that, when combined with those of the Company's other directors, provide a blend of skills, experience, and cultural knowledge that will further enhance the Board's effectiveness. Diversity considerations for a director nominee may vary at any time according to the particular areas of expertise being sought as a complement to the existing Board composition. When the need arises, the Company engages independent search firms to identify potential director nominees according to the criteria set forth by the Committee and assist the Committee in identifying and evaluating a diverse pool of qualified candidates.

The Committee on Directors and Governance annually evaluates the performance of the Board, each of the committees, and each of the members of the Board. It also reviews the size of the Board and whether it would be beneficial to add additional members and/or any new skills or expertise, taking into account the overall operating efficiency of the Board and its committees. If the Board has a vacancy, or if the Committee determines that it would be beneficial to add an additional member, the Committee will take into account the factors identified above and all other factors which the Committee in its best judgment deems relevant at such time.

Stockholder Nominations. A stockholder desiring to nominate a person as Director should deliver a written submission in accordance with the Company's By-laws to the Corporate Secretary, Curtiss-Wright Corporation, 13925 Ballantyne Corporate Place, Suite 400, Charlotte, North Carolina 28277. Such submission must include the items listed above under "Stockholder Recommendations and Nominations for Directors". Stockholder submissions for Director nominees at the 2015 annual meeting of stockholders must be received by the Corporate Secretary of the Company no earlier than January 3, 2015 and no later than February 2, 2015. Nominee recommendations that are made by stockholders in accordance with these procedures will receive the same consideration as recommendations initiated by the Committee on Directors and Governance.

The following report of the Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this report by reference therein.

Audit Committee Report

The Audit Committee of the Company's Board of Directors consists of four non-employee directors, each of whom the Board has determined (i) meets the independence criteria specified by the SEC and the requirements of Sections 303A.07(a) and applicable sections of the New York Stock Exchange listing standards and (ii) is financially literate in accordance with the requirements of Section 303A.07(b) of the New York Stock Exchange listing standards. The Audit Committee annually reviews and reassesses its written charter, as well as selects and retains the Company's independent registered public accounting firm.

Management is responsible for the financial reporting process, including its system of internal controls, and for the preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Our independent accountants are responsible for auditing those financial statements. The Audit Committee is responsible for monitoring and reviewing these processes. The Audit Committee does not have the duty or responsibility to conduct auditing or accounting reviews or procedures. None of the members of the Audit Committee may be employees of the Company. Additionally, the Audit Committee members may not represent themselves to be accountants or auditors for the Company, or to serve as accountants or auditors by profession or experts in the fields of accounting or auditing for the Company. Therefore, the Audit Committee has relied, without independent verification, on management's representation that the financial statements have been prepared with integrity and objectivity and in conformity with generally accepted accounting principles in the United States of America and on the representations of the independent accountants included in their report on the Company's financial statements.

The oversight performed by the Audit Committee does not provide it with an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or policies, or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the discussions that the Audit Committee has with management and the independent accountants do not assure that the financial statements are presented in accordance with generally accepted accounting principles, that the audit of the financial statements has been carried out in accordance with generally accepted auditing standards, or that our independent accountants are in fact "independent."

As more fully described in its charter, the Audit Committee is responsible for overseeing the internal controls and financial reporting processes, as well as the independent audit of the financial statements by the independent registered public accounting firm, Deloitte & Touche LLP. As part of fulfilling its responsibilities, the Audit Committee reviewed and discussed the audited consolidated financial statements for fiscal year 2013 with management and discussed with management the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements. The Audit Committee also discussed with Deloitte & Touche LLP the matters required to be discussed by the statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Volume 1. AU Section 380), as adopted by the Public Company Accounting Oversight Board ("PCAOB") in Rule 3200T. The Audit Committee has also discussed and considered the independence of Deloitte & Touche LLP with representatives of Deloitte & Touche LLP, reviewing as necessary all relationships and services that might bear on the objectivity of Deloitte & Touche LLP, and received the written disclosures and the letter required under Rule 3526 of the PCAOB (Communications with Audit Committees Concerning Independence) from Deloitte & Touche LLP. The Audit Committee provided to Deloitte & Touche LLP full access to the Audit Committee to meet privately and Deloitte & Touche LLP was encouraged to discuss any matters they desired with the Audit Committee and/or the full Board of Directors.

The opinion of Deloitte & Touche LLP is filed separately in the 2013 Annual Report on Form 10-K and should be read in conjunction with the reading of the financial statements.

Based upon the Audit Committee's review and discussions referred to above, the Audit Committee has recommended to the Board of Directors that the audited consolidated financial statements and footnotes be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2013, for filing with the SEC.

AUDIT COMMITTEE OF
THE BOARD OF DIRECTORS

Robert J. Rivet, *Chairperson*
Dean M. Flatt
S. Marce Fuller
Dr. William W. Sihler

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

This Compensation Discussion and Analysis ("CD&A") details the Executive Compensation Committee's ("Committee") decisions regarding the compensation programs and practices as they relate to the Company's Named Executive Officers ("NEOs"). In 2013, the Company's NEOs were Martin R. Benante, Executive Chairman, David C. Adams, President and Chief Executive Officer, Glenn E. Tynan, Vice President and Chief Financial Officer, Thomas P. Quinly, Vice President and Chief Operating Officer, and Michael J. Denton, Vice President, General Counsel, and Corporate Secretary. This CD&A includes:

- An Executive Summary, including compensation program refinements for 2014
- Summary of 2013 Company Performance, Impact on Incentive Payouts, and the link between Pay and Performance
- 2013 Compensation Components and Compensation Philosophy
- 2013 Compensation Decisions and How Those Decisions Were Made, including compensation program refinements for 2014

Executive Summary

At the 2013 Annual Meeting of stockholders, approximately 78% of the shares voted in favor of the Company's executive pay programs (commonly known as "Say on Pay"). In response, the Company conducted a number of discussions with investors and proxy advisors to obtain their feedback on the Company's pay programs. As in 2013, management reached out to the Company's 20 largest shareholders to review this year's changes to the Company's executive compensation program. The Company considers this input critical and has continued to refine the Company's executive compensation program and practices to address stockholders' concerns. For example, for 2013, the Committee refined the short-term incentive plan to measure performance against targets that were rigorously determined through analysis of internal and external historical and prospective performance of the Company relative to its peers. This internal goal-setting process ensures that the Committee has set rigorous targets, while also providing good line of sight to the goals and alignment of goals between management and other participants. In addition, the Committee continued to move executive pay toward a median (50th percentile, i.e., "P50") market positioning strategy. Consistent with this commitment, no annual base salary increases were granted to Messrs. Benante, Tynan, and Denton. Mr. Adams received a 16% increase in base salary in 2013 because he was promoted from Chief Operating Officer to President and Chief Executive Officer of the Company. Mr. Quinly received a 41% increase in base salary to recognize his outstanding performance and growth of the Controls business segment as well as his promotion to Chief Operating Officer of the Company. Both these increases reflect approximately the 50th percentile of both market and peers.

In addition, the Committee further refined the Company's executive compensation program for 2014 by (i) changing the incentive performance measures to enhance emphasis on operational excellence and overall margin improvement, (ii) lowering the maximum payout for 75th percentile performance consistent with peer practices, (iii) lowering the threshold payout for 25th percentile performance consistent with peer practices, (iv) strengthening threshold performance requirements to meet at a minimum 2013 performance levels, and (v) adopting a performance measure that customarily is disclosed in the Company's financial filings such as return on invested capital ("ROIC") and is therefore a more transparent performance measure to shareholders and analysts so they can better track executive payouts against Company performance.

The additional changes made to the executive pay program discussed above and in the tables below were implemented on a prospective basis, effective November 2013. Because the changes are prospective, the changes do not affect awards made in previous years. Incentive compensation awards and targets granted and established on or after November 2013 are based on Company performance starting in 2014 and subsequent years, as applicable. Therefore, the total compensation amounts shown in the Summary Compensation Table below include amounts not only for the new equity grants (to be paid as earned in the future), but also for cash payouts of awards made under the prior executive compensation program, which represent the majority of the total amounts shown in that table. This is pointed out to underscore the fact that the current and future executive compensation program is much different than the one prior to 2013, but the amounts reported still reflect certain cash payouts made under the prior LTIP program, which were based largely on attainment of aggressive internal growth and ROIC performance goals.

Executive Compensation Changes Made from 2012 to 2013 and from 2013 to 2014

As discussed briefly above and in greater detail in last year's Proxy Statement, the Committee implemented numerous changes to the Company's 2012 and 2013 executive compensation plans following the negative Say on Pay vote at the 2011 Annual Meeting of stockholders. These changes were intended to bring executive pay into closer alignment with the Company's overall performance as well as with its performance versus peers.

In the latter half of 2012 and early 2013, the Committee met frequently with Farient Advisors, LLC (the Committee's independent external executive compensation consultant) and management to consider further improvements in the executive compensation plan design and philosophy for 2013. In doing so, the Committee reviewed the Company's performance relative to plan and peers, the compensation practices of its peers, competitive data provided by Farient Advisors, as well as shareholder input. Based on this review, the Committee decided to implement a number of changes in 2013. These changes and the rationale for them are summarized in the chart below.

Pay Element	Past Practices	Changes in 2012	Changes in 2013	Rationale
Pay Positioning	• Target pay at 75th percentile	• Target pay at 50th percentile – NEOs MICP/LTI targets reduced accordingly	• No change	• Better pay for performance alignment and more consistent with peer practice
MICP	• 60% Financial Measures – Adjusted Operating Income ("AOI") vs. target • 40% Individual MBOs	• 80% Financial Measures – AOI Margin vs. peers – Cash Flow ("CF") from Ops Conversion vs. peers • 20% Individual MBOs	• 80% Financial Measures – AOI vs. target – Operating CF vs. target • 20% Individual MBOs	• Measures that link to value • Internal targets provide better line of sight • Better alignment between executives and others • Lower weighting on subjective factors (MBOs) • Practical issues with peer comparisons around reporting
LTI Mix	• 20% Options • 20% RSUs • 30% PSUs • 30% Cash-Based PU	• 0% Options • 30% RSUs • 30% PSUs • 40% Cash-Based PU	• 0% Options • 30% RSUs • 40% PSUs • 30% Cash-Based PU	• Increased weightings on performance-based LTI (no options, additional PU and PSUs) • Increased weightings on performance-based LTI with direct tie to shareholder value (PSUs)
PSU Measures	• 50% Net Income ("NI") vs. target • 50% NI Margin vs. peers	• 100% Total Stockholder Return ("TSR") vs. peers	• 100%TSR vs. peers	• Relative TSR works well and is aligned with shareholders
Cash PU Measures	• 50% ROC vs. target • 50% Sales Growth vs. target	• 50% ROC vs. peers • 50% Sales Growth vs. peers	• 50% RONA vs. target • 50% Sales Growth vs. target • Corporate executives at CW level, BU executives at BU level	• RONA measure consistent with BU measure: easier to test externally • Practical issues with peer comparisons around reporting
Other	• CEO had single trigger Change in Control ("CIC") provision • No burn rate commitment	• CEO forfeited single trigger • Eliminated future CIC agreements with gross-ups • Commitment to keep burn rate close to 2%	• No change from 2012 • No change from 2012	• Consistent with current "good governances" practices for severance/CIC • Desire to control dilution
SOP	• "Yes": 37%	• "Yes": 96%	• "Yes": 78%	

The Committee repeated this process in 2013 and early 2014, and has made additional changes to the executive pay programs for 2014, as set forth in the table below.

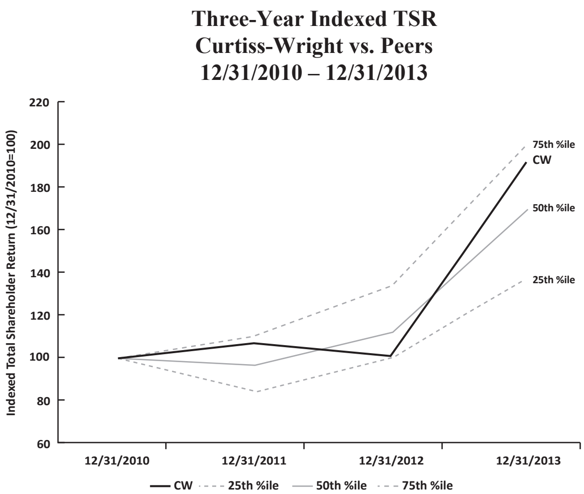
Pay Element	Changes in 2013	Changes for 2014	Rationale
Pay Positioning	• Target pay at 50th percentile – NEOs MICP/LTI targets reduced accordingly	• No change from 2013	• Better pay for performance alignment
MICP	• 80% Financial Measures – AOI vs. target – Operating CF vs. target • 20% Individual MBOs	• 80% Financial Measures – AOI vs. target – AOI Margin vs. target – Working Capital (% of Sales) vs. target • 20% Individual MBOs	• Adding OI margin emphasizes strategic focus on operational excellence and overall margin improvement • Substituting working capital for operating CF increases focus on key driver of operating CF • Measuring at CW level simplifies MICP program and supports team outcomes
LTI Mix	• 0% Options • 30% RSUs • 40% PSUs • 30% Cash-Based PU	• No change from 2013	• 70% of LTI mix is now directly performance-based • 40% is directly tied to relative total shareholder value
PSU Measures	• 100% TSR vs. peers	• No change to TSR measure • Threshold payout changed to 25% of target (from 50%) for 25th percentile performance • Maximum performance goal changed to 75th percentile (from 90th percentile) for 200% payout	• Relative TSR works well and is aligned with shareholders • Lower threshold payout for 25th percentile performance more consistent with peer practices • Lower maximum performance goals for 200% payout more consistent with peer practices
Cash PU Measures	• 50% RONA vs. target • 50% Sales Growth vs. target • Corporate officers measured at CW level, BU officers at BU level	• 50% ROIC vs. target • 50% Organic Sales Growth vs. target • Financial performance for all officers except COO measured at CW level; COO measured at Segment level	• ROIC measure is readily understood and easily tracked by investors
Other	• Prior CEO, Mr. Benante voluntarily forfeited single-trigger CIC provision in 2012 • Eliminated future CIC agreements with excise tax gross-ups in 2012 • Commitment to keep burn rate close to 2%	• New CEO has double-trigger CIC provision • No change from 2013	• Consistent with current "good governances" practices for severance/CIC • Desire to control dilution

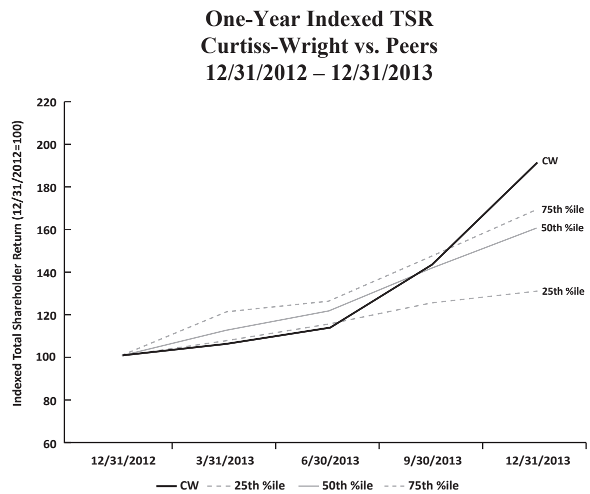
For 2014, the Committee and management once again followed the rigorous goal setting process established in 2013 to test the validity of the Company's performance objectives. In reviewing and setting performance targets, the Committee considered a number of historical and prospective data from internal and external sources, including:

- Historical and planned Company performance;
- Historical peer performance and analyst estimates of prospective performance; and
- The Company's cost of capital

The goals set by the Committee are designed to gear 50th percentile pay to 50th percentile performance, and/or require significant improvement in performance in order to justify target pay.

The following chart detailed how the Company compares against the peer group using TSR as of December 31, 2013:





SUMMARY OF 2013 COMPANY PERFORMANCE, IMPACT ON INCENTIVE PAYOUTS, AND THE LINK BETWEEN PAY AND PERFORMANCE

2013 Company Performance

The Company's financial results in 2013 were strong. Net sales of $2.5 billion increased 20% from the prior year, driven by solid demand for the Company's highly engineered products and services, particularly in the Company's commercial end markets.

Similarly, the Company's operating performance was strong, as it generated a 45% increase in operating income and 160 basis points in margin expansion to 9.3%, based on improvements in all three of the Company's operating segments. The Company's net earnings from continuing operations rose 50% to $138 million, or $2.88 per diluted share.

The Company's free cash flow, defined as cash flow from operations less capital expenditures, was $166 million for 2013, equating to a much improved 120% cash conversion (based on net earnings from continuing operations).

2013 Incentive Payouts

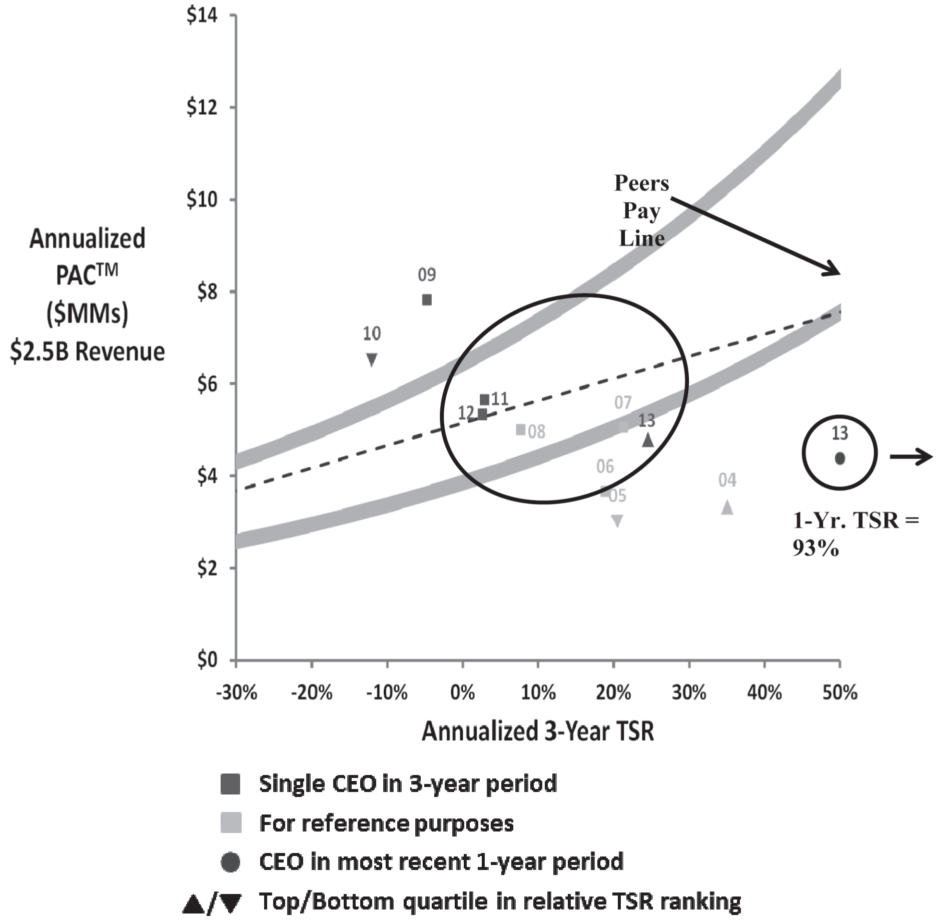
The Committee believes the cash incentive compensation payouts made for fiscal 2013 to the NEOs reflect the Company's commitment to pay for performance. As summarized in the charts below, the Company performed slightly above its stated targets. With respect to specific incentive plan performance measures for fiscal year 2013, the Company's performance on a market driven basis was slightly above target (P50). This contributed to slightly above target awards earned in the Company's annual incentive compensation plan driven primarily by the improved performance of Flow Control and Controls segments and the addition of new participants from acquired business units as more fully described in the "Annual Incentive Compensation" section of this Proxy Statement. For fiscal years 2011—2013, the three-year period that determined cash awards under the Company's long-term incentive plan ("LTIP"), the Company and each of its operating segments three-year average annual sales growth were above their respective growth and Return on Capital targets. This resulted in slightly above target awards earned in the Company's LTIP primarily driven by the Company's acquisition growth strategy over the last three years as more fully described in the "Long-Term Incentive Program" section of this Proxy Statement.

Pay and Performance Alignment

In 2013, the Committee requested that Farient Advisors evaluate the relationship between the Company's executive pay and performance over time focusing on the CEO. To do this analysis, Farient Advisors relied on the Company's peer group established at the beginning of 2013 (covered in the section titled "2013 Compensation Components and Compensation Philosophy"), and used Farient Advisors alignment methodology to test whether the Company's Total Direct Performance-Adjusted Compensation™ (PAC™) for the CEO is: (1) reasonable for the Company's revenue size, peer group, and TSR performance; and (2) sensitive to the Company's TSR over time, given that TSR is an objective, transparent measure that stockholders generally rely upon when conducting a long-term pay-for-performance evaluation. PAC measures compensation outcomes after performance has occurred, rather than target compensation, which represents "expected" compensation before performance has occurred. Farient Advisors compared the CEO's PAC (including actual salary, actual short-term incentive awards, and performance-adjusted long-term incentive values) over rolling 3-year periods to TSR for the same rolling 3-year periods, and tested the results against those same variables for companies in the Company's peer group. The Company's PAC was then compared to a range of values, as indicated by the upper and lower boundaries on the chart below. This range is known as the "Alignment Zone," and it indicates the reasonable range of pay outcomes for the performance delivered based on the Company's size and the historical pay-for-performance experience of the peer group. All PAC values on the chart, current and historical, for both the Company as well as for the companies in the peer group, are adjusted to reflect the Company's size of approximately $2.5 billion in revenue as of December 31, 2013.

As indicated in the chart below, Farient Advisors' analysis of the Company's pay for performance indicates that the CEO's compensation outcomes for the three-year periods ending 2012, as well as the most recent year ending 2013, were reasonable relative to the Company's peers and the performance delivered, underscoring the appropriateness of the executive compensation program.

Curtiss-Wright Corporation CEO Total Direct PAC™
Pay for Performance Alignment for Three Year
Periods Ending in Year Shown



2013 COMPENSATION COMPONENTS AND COMPENSATION PHILOSOPHY

The table below briefly summarizes each of the Company's 2013 compensation components, its purpose, and its relationship to the Company's compensation philosophy, a more detailed description of which is set forth later in this CD&A. When establishing the various forms and levels of compensation, the Company considers each element collectively and individually to assure that overall total compensation program design is appropriate in their view.

Compensation Component	Purpose	Relationship to Compensation Philosophy
Base Salary	• Provides fixed compensation based on responsibility level and position held and market value	• Necessary to attract and retain NEOs • Provides a fixed level of compensation to meet basic obligations
Annual Incentive Compensation	• Motivates and rewards for achieving short-term (annual) business objectives that are linked to the Company's overall business strategy	• Motivates NEOs to achieve financial and significant other goals aligned with investor expectations • Aligns potential incentive payments with external competitive data
Long-Term Incentive Program	• Encourages retention, motivates and rewards for achieving longer-term (3 year) business objectives that are linked to the Company's overall business strategy and stock price performance and total return to stockholders	• Motivates NEOs to achieve financial goals that drive total stockholder return through three components—performance restricted stock units, cash-based performance units, and restricted stock units • Promotes stock ownership and aligns potential incentive payments with stockholder interests • Reduces adjustments and replaces RONA with ROIC for the cash piece to provide more transparency and consistency between corporate and business unit measures
Employee Stock Purchase Plan	• Allows substantially all full time employees the ability to set aside money to purchase shares of the Company	• Promotes stock ownership and aligns employees with stockholder interests
Executive Deferred Compensation Plan	• Permits deferral of compensation in excess of 401(k) statutory limits for tax advantaged savings	• Competitive to attract and retain NEOs • Allows executive to provide for an increased level of savings.
Restoration (Pension) Plans	• Provides a solid means of retirement income financial security so that employees are able to retire • Promotes long-term retention of key executives by providing an increasing value tied directly to length of service	• Supportive to attract and retain NEOs. Our traditional pension plan is closed to new entrants given market is moving away from these plans

Compensation Component	Purpose	Relationship to Compensation Philosophy
Limited Executive Perquisites	• Provides a competitive level; business-related benefit to our Company and assists with key aspects of employment: health and financial wellness	• Supportive to attract and retain NEOs
Post-Employment Agreements	• Delivers temporary income following a NEO's involuntary termination of employment. In the case of change in control, permits continuity of management	• Supportive to attract and retain NEOs
Special Retention Agreements	• Provides stability and retention of key executives to support the Company's succession planning at the senior management level	• Retain key executives for future leadership roles

Compensation Philosophy

The Company's compensation philosophy and objectives as established by the Committee include:

- Offer an executive compensation program that is competitive and that helps us attract, motivate, and retain top performing executives;
- Target pay levels at 50th percentile of comparable companies within our broad industries for 50th percentile performance;
- Link compensation to performance through a pay-for-performance philosophy that includes a significant portion of our NEO's variable compensation tied to achievement of strategic financial goals; and
- Align the interests of our executives and stockholders through equity-based compensation and share ownership guidelines. A significant portion of our equity-based compensation is variable, based on defined performance goals linked to our corporate strategy with an emphasis on relative TSR.

Principles of executive compensation framework—compensation mix

In determining both the amount and mix of compensation for fiscal 2013, the Committee, with assistance from Farient Advisors and management analysis compared each NEO's total direct compensation (TDC), i.e. base salary, annual incentive compensation targets, and long-term incentive compensation targets, to relevant industry market data points and peer group data for that NEO's position. For fiscal 2013, the Committee determined, with the approval of the Board of Directors that all pay components including base salary, annual incentives, and long-term incentives should be targeted at the 50th percentile (median) of the Company's relevant market and peer data with upside and downside potential tied to corresponding performance. As a result, the NEOs' actual TDC could be either significantly more or significantly less than the median TDC of the Company's relevant market data depending on the level of performance attained. For fiscal 2013, the Committee conducted its annual review of all the above components of compensation, plus retirement benefits, perquisites and other benefits, and severance protection for each NEO.

Principles of executive compensation framework—peer group

In 2013, the Committee considered compensation and other benefits provided to positions within comparable companies. The Committee analyzed peer and market data, but placed more focus on larger, relevant survey data from Towers Watson, Aon Hewitt, and Mercer. For the positions of CEO and CFO, the Committee primarily focused on the comparable data derived from Company's peer group, and secondarily relied on the market survey data. The peer group data, while marginally useful for pay analysis, is most representative of competitors with similar product lines and in the same markets and industries. Peer group performance therefore is a key relative measure for the Company's annual incentive plan and performance-based long-term incentive plan metrics. In 2013, the Committee, with guidance from Farient Advisors and management, modified the peer group for performance periods commencing January 1, 2014. The final peer group selected by the Committee consists of the following companies:

- AAR Corp.
- Actuant Corporation
- Applied Industrial Technologies, Inc.
- Barnes Group Inc.
- BE Aerospace Inc.
- CIRCOR International, Inc.
- Crane Co.
- Cubic Corporation
- EnPro Industries, Inc.
- Esterline Technologies Corp.
- Flowserve Corp.
- GenCorp Inc.
- Hexcel Corp.
- IDEX Corporation
- Kaman Corporation
- Moog Inc.
- Mueller Water Products, Inc.
- Orbital Sciences Corp.
- Rockwell Collins Inc.
- Spirit AeroSystems Holdings Inc.
- Teledyne Technologies Inc.
- Triumph Group, Inc.
- Woodward, Inc.

The Committee's policy is to review the composition of the peer group with its independent external compensation consultant and management periodically and to adjust the group in response to changes in the characteristics of the Company and/or companies in the peer group. Farient Advisors also provided additional guidance using proprietary information. In establishing executive compensation, the Committee considers all of these sources of data with an emphasis placed on the most comprehensive and reliable to fit the structure and positions of the Company.

2013 Compensation Decisions and How Those Decisions Were Made

Moving NEO Compensation to the 50th Percentile

With respect to 2013 versus 2012, total compensation levels at target have been further reduced (other than the two exceptions described in the Executive Summary above in this CD&A) to continue to implement the Company's new compensation philosophy as set forth in the table below.

	MICP Target %					LTI Target %(1)				
Position	**2011**	**2012**	**2013**	**2014**	**2014 Market Median**	**2011**	**2012**	**2013**	**2014**	**2014 Market Median**
Executive Chairman (Benante) Chairman 07/13 to Present CEO Before 07/13	105%	105%	105%	105%	NA	375%	285%	270%	200%	NA
President & CEO (Adams) CEO 07/13 to Present COO Before 07/13	90%	85%	85%	100%	100%	260%	240%	240%	270%	275%
COO (Quinly) COO 10/13 to Present President CW Control Before 10/13	75%	75%	75%	75%	80%	195%	195%	185%	200%	200%
V.P. – Finance (CFO)(Tynan)	80%	75%	75%	75%	70%	250%	210%	185%	185%	160%
VP, Gen'l Counsel & Sec'y (Denton)	70%	60%	60%	60%	60%	185%	130%	130%	130%	110%

(1) Represents LTI grant made November prior to FY noted (i.e., 2014 LTI noted is based off November 2013 grant)

Base Salary

Base salary is intended to compensate the NEOs for performance of core job responsibilities and duties. The Company seeks to attract and retain executive talent by offering competitive base salaries. Base salary drives other pay components in that it is used to determine target values for annual incentive compensation, long-term incentive compensation, retirement benefit calculations, severance protection, and change-in-control benefits (each described below).

The Committee evaluates NEO salaries annually and makes recommendations to the Board that reflect the value of the position measured by competitive market data, the NEOs' individual performance, and the individual's longer-term intrinsic value to the Company. The Committee also considers the recommendations of management and the independent external compensation consultant as to the appropriate target salary levels for the NEOs and the acceptable range of salaries above and below the statistical market data median. As discussed above, the Committee currently targets the NEOs' base salaries at the 50th percentile of the market data.

For 2013, base salaries were in line with the 50th percentile and accordingly not increased (except for Messrs. Adams and Quinly, due to their promotions). The Committee does intend to move Mr. Adams' salary closer to the 50th percentile of his peers. Otherwise, salaries are not anticipated to increase in 2014, unless the NEO has a significant change in job responsibilities, promotion, or unexpected shift in the market rate of pay.

Annual Incentive Compensation

For 2013, the NEOs participated in the 2005 Curtiss-Wright Modified Incentive Compensation Plan, as amended ("MICP"), approved by the Company stockholders in May 2011.

Consistent with the principle that the NEOs should be motivated to achieve results that improve stockholder value, the Company believes that an important portion of the overall cash compensation for the NEOs should be contingent upon the successful achievement of certain annual corporate financial and individual goals and objectives. Accordingly, 80% of the NEO's annual incentive target is tied to corporate financial performance, while the remaining 20% is tied to significant individual goals and objectives approved by the Committee and the Board of Directors.

Annual incentive compensation (MICP) is an essential, competitive part of the Company's compensation program because it rewards the NEOs for achievement of short-term business and individual performance goals. Unlike fixed base salaries, MICP awards are variable based upon performance against measurable goals. The annual incentive compensation motivates executives to accomplish objectives that support strong annual operating and financial performance deemed critical for the ongoing performance of the Company. MICP compensation relates directly to certain other components of the Company's executive compensation program. For example, MICP compensation is included in the formulae used to determine some retirement benefits and change-in-control benefits (each described below).

Annual MICP financial performance goals are developed through an iterative process including consideration of the Company's five year strategic plan, annual budgeting, and the Company's compensation structure, as well as other external data sources as stated above. Financial performance targets, which represent 80% of the total MICP opportunity, are established using industry norms, historical trend information, various economic and market data, and profit margins and sales forecasts. Individual goals, which represent the remaining 20% of the MICP opportunity, are developed independently between the respective NEO and the CEO and then presented, along with their rationale, to the Committee for consideration and approval. The CEO's individual goals are established with the Committee's input and approval while the Board approves all other NEOs individual goals. Individual goals are tied to strategic business needs for the coming year and are pushed down through the organization to align all incentive pay participants with Company goals and objectives.

In regard to the corporate financial performance goals, the Committee may consider a number of measures such as: operating income, net earnings; earnings growth; earnings per share; net sales (including net sales growth); gross profits or net operating profit; free and/or operating cash flow; revenue growth; attainment of strategic or operational initiatives; and cost containment or reductions.

Any performance measure may be used to measure the performance of the Company and any of its affiliates as a whole, any business unit thereof or any combination thereof, or to measure the performance of any of these compared to the performance of a group of comparable companies, or a published or special index, in each case that the Committee, in its sole discretion, deems appropriate. In no event may MICP awards for participants be increased on a discretionary basis; however, the Committee does have the discretion to decrease the amount of any award paid to any participant under the MICP should circumstances dictate such an action is warranted. For 2014, the Committee selected measures that are highly correlated to shareholder value creation. These measures for 2014 are: Operating Income, Operating Margin Improvement, and Working Capital as a percentage of Sales.

Early each year, the CEO submits his and the other NEO's proposed individual goals and objectives to the Committee for that year for discussion and approval. The Committee reviews these proposed goals and objectives in connection with the Company's short term objectives as set forth in the Company's strategic plan. The Committee provides the CEO and the other NEO's with their approved goals, which are then submitted and approved by the Committee and the Board before March 31st of the performance year to comply with IRC 162(m) deductibility rules. Once established, goals may not be altered except within the confines of IRC 162(m). The Committee believes this approach provides consistency and continuity in the execution of the Company's short term goals as well as a strategic tie to the accomplishment of the Company's long-term objectives.

2013 Annual Incentive Compensation (MICP) Design and Payout

For the 2013 MICP, the Committee, in consultation with management and Farient Advisors, selected two financial measures and multiple individual performance-based objectives. As further set forth in the table below in this section, sixty percent (60%) of the award was based on the attainment of an absolute corporate adjusted operating income ("AOI") goal and on budgeted business unit AOI for NEOs with responsibility for managing our operating units. Twenty percent (20%) was based on an absolute cash flow from operations conversion (considered part of an individual performance goal in prior years) and on budgeted cash flow from operations conversion for NEOs with responsibility for managing operating units. An additional twenty percent (20%) was based on individual performance-based objectives.

AOI was selected as the key financial performance goal for MICP because it:

- Requires management to increase profitability;
- Is understandable, measurable, and reflects management's performance;
- Is a key driver of Company growth and linked to our business strategy; and
- Is correlated with the Company's total stockholder return.

Cash flow from operations conversion was selected as a performance goal because:

- It is linked to the part of our business strategy that is related to growth from acquisitions;
- Requires management to place a strong emphasis on the managing cash flow; and
- Is correlated with the Company's total stockholder return.

Significant, individual performance-based objectives were selected to provide some portion of the annual incentive based on performance objectives that are directly within the control of each executive and to allow for differentiation of awards based on individual contributions.

For 2013, the table below shows how pay for executives was linked to the Company's corporate entities: Flow Control, Controls, and Surface Technologies. Messrs. Benante, Adams, Tynan, and Denton were tied 100% to the corporate AOI goal, while Mr. Quinly was 75% to the budgeted AOI for the Controls segment and 25% corporate AOI.

Name	Target %	AOI Weighting	Operating Cash Flow Weighting	Individual Objectives Weighting	Total
Martin R. Benante	105%	60%	20%	20%	100%
David C. Adams	100%	60%	20%	20%	100%
Thomas P. Quinly	75%	60%	20%	20%	100%
Glenn E. Tynan	75%	60%	20%	20%	100%
Michael J. Denton	60%	60%	20%	20%	100%

In an effort to hold executives accountable for events within their control, the variance between reported financial results and those used to determine incentive payouts, the Committee and the Board of Directors determine the necessity (if any) of the following limited group of adjustments to the reported operating income or cash flow are appropriate for incentive plan payout purposes, which are consistently applied year to year:

- Non-operating, non-recurring items which were unforeseen at the time of budgeting
- Foreign currency translation adjustments (i.e., difference between budgeted and actual rates)
- Unbudgeted changes in accounting regulations that occur during the course of the year
- External acquisition costs
- Surface Technologies Greenfield/Sharefield start-up costs/losses

Any adjustments are reviewed by the Committee's independent compensation consultant as well as audited by Ernst & Young, LLP through the Company's internal audit department. These adjustments ensure that management makes decisions based on the best interests of the Company and shareholders rather than the possible effects on compensation. For 2013, the target range of AOI performance was:

AOI Range of Performance	Controls	Corporate
Threshold	$100,381,000	$168,700,000
Target	$154,432,000	$241,000,000
Maximum	$190,227,000	$289,200,000

For 2013, the potential range of value delivered to each participant is based on a threshold performance level below which no incentive is paid, a target level of performance at which the full target incentive is paid, and a maximum performance level at which the maximum incentive is paid. Payouts are proportional to the participant's individual performance against his or her pre-established goals and the Company's performance against its pre-established financial goals.

Individual objectives are generally measurable and weighted as appropriate to their relative importance to the goals of the business unit and the overall success of the Company. Individual objectives can be quantitative, for example such as on-time deliveries for the operations of the applicable business segment, or more subjective, for example such as succession planning and business development that support operational success. They reflect management's strategy and short-term objectives. The Committee reviews each NEO's individual performance against his or her goals and objectives. Each NEO is then provided a rating between "1" and "5" for each stated goal and objective, with a "3" equating to 100% achievement, a "5" representing maximum or 200% achievement and a "2" representing 50% (threshold) achievement. A participant is given 0% award for any rating less than a "2". Each rating is multiplied by its weighting and then totaled for an overall rating. The overall rating is then multiplied against 20% of the NEO's target award to derive a payout.

Goal	Mr. Benante Weight	Mr. Benante Rating	Mr. Adams Weight	Mr. Adams Rating	Mr. Tynan Weight	Mr. Tynan Rating	Mr. Denton Weight	Mr. Denton Rating	Mr. Quinly Weight	Mr. Quinly Rating
Market improvement and growth initiatives	100%	4.0	100%	4.6					25%	5.0
Executive market development strategies									25%	2.8
Drive talent management programs									20%	2.9
Acquisition integration/negotiations							60%	3.5	25%	5.0
Global risk management									5%	3.0
Finance transformation efficiencies					40%	3.7				
Information technology transformation efficiencies					40%	3.7				
Investor relations transformation efficiencies					20%	3.7				
Preventative legal training							20%	3.5		
Professional development							20%	3.5		
Total Score	**4.0**		**4.6**		**3.7**		**3.5**		**3.9**	

In order to assess the NEOs' individual performance, the Committee was provided with detailed supporting documentation substantiating individual performance against each individual objective. In awarding a rating to each NEO, the Committee analyzes this supporting justification and also takes into account the Company's overall performance and the assessment of the Chief Executive Officer. In determining Mr. Adams' performance against his individual goals, the Committee considered his leadership of the Company to achieve its 2013 strategic, operational, and financial performance objectives. The Committee considered his effort to develop future leadership within the Company. In assessing Mr. Tynan's performance against his individual goals, the Committee considered the Company's improved financial performance as well as Mr. Tynan's role in achieving the Company's financial results such as by reducing costs through creation of centers of excellence and supply chain management. In assessing Mr. Benante's performance against his individual goals, the Committee considered his efforts to properly transition the leadership role and responsibilities to Mr. Adams as well as to mentor Mr. Adams in newly assigned role as Chief Executive Officer. In assessing Messrs. Denton's and Quinly's performances against their respective individual performance goals, the Committee considered the strategic, operational, and financial performance of the respective department or business units managed by these NEOs. The Committee considered the magnitude of the organic growth realized at each individual business unit and the content and quality of the management development programs developed as well as the number of employees trained through the programs.

The following table details the 2013 MICP payout to each NEO based on actual AOI for the Company as a whole and its operating segments in 2013 versus target and each NEO's 2013 individual performance rating. With regards to the AOI payout for the Company, the Company exceeded its target by approximately $3.4 million and resulted in a 107% payout under the approved pay schedule.

MICP Formula

Payout = 60% of Target x Company Performance Rating + 20% of Target x Cash Flow Rating

+ 20% of Target x Individual Rating

In no event may MICP awards for participants be increased on a discretionary basis; however, the Committee does have the discretion to decrease the amount of any award paid to any participant under the MICP. For 2013, the Committee exercised no such downward discretion.

NEO	Goal	Weight	Actual Result	2013 MICP Payout as % of Target	2013 MICP Payout ($)
Mr. Benante....	Individual Portion	20%	4.0	150%	$ 305,550
	Cash Flow Portion	20%	3.7	135%	$ 158,390
	AOI Portion	60%		107%	$ 653,877
	Total Payout	**100%**			**$1,234,422**
Mr. Adams.....	Individual Portion	20%	4.6	180%	$ 211,187
	Cash Flow Portion	20%	3.7	135%	$ 158,390
	AOI Portion	60%		107%	$ 376,618
	Total Payout	**100%**			**$ 746,195**
Mr. Tynan......	Individual Portion	20%	3.7	135%	$ 104,693
	Cash Flow Portion	20%	3.7	135%	$ 104,693
	AOI Portion	60%		107%	$ 248,936
	Total Payout	**100%**			**$ 458,322**
Mr. Quinly.....	Individual Portion	20%	3.9	145%	$ 101,104
	Cash Flow Portion	20%	4.1	155%	$ 108,077
	AOI Portion	60%		120.5%	$ 252,063
	Total Payout	**100%**			**$ 461,244**
Mr. Denton....	Individual Portion	20%	3.5	125%	$ 63,000
	Cash Flow Portion	20%	3.7	135%	$ 68,040
	AOI Portion	60%		107%	$ 161,784
	Total Payout	**100%**			**$ 292,824**

Key Changes to the 2014 Annual Incentive Compensation Design

The 2014 annual incentive plan will again consist of 80% quantitative financial measures and 20% qualitative measures. The quantitative portion will be based on absolute measures of adjusted operating income, operating margin improvement, and working capital as a percentage of sales. The targets for these measures have once again been set using our comprehensive internal and external analysis. This more robust goal setting process ensures the integrity and competitive nature of the performance goals and specifically aligns pay with the execution of the Company's short-term business plans.

The qualitative portion for the 2014 MICP is the same as the 2013 annual incentive plan design.

Long-Term Incentive Program

The Company's long-term incentive plan ("LTIP") is designed to ensure the Company's executive officers and key employees are focused on longer term stockholder value creation through equity and cash-based incentive compensation that rewards for longer term (i.e., three years or more) performance. The grant amounts are driven by competitively-based compensation data.

The Company's long-term incentive compensation has a relationship to the other components of the Company's executive compensation program in that the Committee looks at TDC in determining market-based compensation levels. However, equity-based long-term incentive compensation paid to an NEO is not included in retirement calculations. The cash-based PU awards are included in pension calculations. Awards of long-term incentive compensation vest in the event of a change-in-control (as described below).

All LTIP grants are historically approved at the Company's November Board of Directors meeting. The meeting date for this and all other regularly scheduled Board of Directors and Committee meetings are selected and approved approximately 18 months in advance, at the May Board of Directors meeting in the preceding year. The establishment of a grant date approximately 18 months in advance precludes the ability to "time" equity grants to coincide with a historically low share price.

In determining the 2013 LTIP grants, the Committee considered the:

- Ongoing focus on creating stockholder value to more closely align pay with performance;
- 50th percentile competitive levels for each executive position; and
- Overall, direct contribution of each individual to revenue and profitability of the business.

In 2013, the total value of the LTIP granted to the Company's NEOs reflect changes made to align with our 50th percentile pay positioning strategy. LTIP values equaled 200% of the salary for Mr. Benante, 270% of the salary for Mr. Adams, 185% of the salary for Mr. Tynan, 200% of the salary for Mr. Quinly, and 130% of the salary for Mr. Denton. If the NEOs deliver performance that achieves target levels, these percentages will result in vested values that approximate the 50th percentile of LTIP payments made by the Company's peer group and general industry for comparable performance. LTIP grant values for the NEOs were allocated in the following manner: 40% in performance share units, 30% in restricted stock units, and 30% in cash-based performance units. The Committee established this allocation with the advice of Farient Advisors to align the NEOs' long-term interests with stockholder interests while at the same time balancing the need to reward the NEOs for achieving targeted long-term Company performance and to provide time-based retention grants.

Key Changes to the 2014 LTIP Design and Grants in 2013

In November 2013, the Committee made LTIP grants for NEOs based consisting of equity-based performance share units ("PSUs"), cash-based performance units ("PUs"), and time based restricted stock units ("RSUs") except that Mr. Benante was not granted RSUs due to his pending retirement. For the plan year beginning 2014, the Committee adjusted the award mix set forth in the (table below) to increase the leverage of the relative component of the LTIP program. The Company used a set of LTIP components to balance the multiple interests of 1) significant pay at risk, 2) stockholder interests, 3) retention, and 4) internal and external performance goals. The three components chosen each accomplish a different "mission" in terms of incenting NEO performance.

- **2014 LTIP Incentive Mix (pertaining to grants made in November 2013)**
  - **40% PSUs (Relative TSR)**
  - **30% Cash-Based PUs**
  - **30% RSUs**

Long-Term Incentive Component (Weight)	Performance Condition/Vesting Schedule	Objective of Design
Performance restricted stock units (PSU's) (40%)	• Three-year relative TSR	• Alignment of NEO pay with TSR relative to our Peer Group • Alignment of NEOs with share price/value and ownership
Cash-based performance units (PUs) (30%)	• Three-year organic sales growth and three year return on invested capital • Goals are weighted equally	• Focuses on internal goals linked to long-term business strategy • Use of cash to mitigate dilution and burn rate concerns
Restricted stock units (RSUs) (30%)	• Cliff vest 100% on the third anniversary of the date of grant	• Retention • Stock ownership • Alignment of NEOs with stockholder value

Performance Restricted Stock Units

The NEO's are granted PSUs under the LTIP. As set forth above, the purpose of PSU grants is to align pay with Company performance measured by relative TSR and to align NEOs interest with shareholders to share value and ownership. These grants were made in November 2013. They vest at the end of the three-year performance period ending December 31, 2016 and, depending on performance achieved, payout will occur in early 2017. The target number of PSUs granted is calculated by multiplying the total dollar value of the LTIP grant by the percentage of LTIP grant allocated to PSUs and dividing by 100% of the closing price of the Company's common stock as reported on the New York Stock Exchange on the date of the grant.

The payout is determined based on the table below in relation to peer performance. The number of units vesting can range from 0% to 200% of target. In addition, any changes in the Company's peer group due to merger, acquisition, dissolution, delisting from a national exchange, or taking the company private is subject to review by the Committee for removal either for the previous years or for all three years. As a guideline, if two companies in the peer group merge with, or one is acquired by, a current member of the peer group, the new company is included in the peer group only if the new company remains within 2.5 times of the Company's then total revenues. If a company merges with or is acquired by a company not in the peer group, the company is removed and its TSR will not be included as part of the peer group.

	PSUs 2014-2016 Performance Period	
	TSR vs. Peer Percentile Rank	**Payout as a % of Target (1)**
Maximum	≥ 75th	200%
Target	50th	100%
Threshold	25th	25%
Below Threshold	< 25th	0%

(1) Interpolates for performance between discrete points

Cash-Based Performance Units

The NEOs are granted cash-based PU under the LTIP. As set forth above, the purpose of cash-based PU grants is to tie payouts to internal goals linked to long-term business strategy. Further, the payout in cash helps to mitigate annual dilution and burn rates. These grants were made in November 2013. They vest after the end of the three-year performance period ending December 31, 2016 and, depending on performance achieved, payout if any occurs in early 2017. The target number of cash-based PUs granted is calculated by multiplying the total dollar value of the LTIP grant by the percentage of LTIP grant allocated to cash-based PUs.

As set forth above, this year's cash-based PU award is tied to the Company's long-term financial performance relating to organic sales growth and ROIC. The cash-based PUs have specific targets relating to average annual organic sales growth and to average annual ROIC over a three-year period. Awards are made under the Company's 2005 Long-term Incentive Plan.

The performance targets are based 50% on three-year absolute organic sales growth and 50% on three-year absolute ROIC. The payout attainment is calculated based upon performance over the performance period relative to the Company's strategic growth and return goals.

- ROIC is calculated as net operating profit after tax (excluding interest expense and other income) divided by average capital (beginning of year and end of year equity).
- Organic Sales growth is defined as the increase or decrease in sales from the year preceding the performance period to the cumulative sales increase over the performance period divided by the sales from the year preceding the performance period, in each case excluding the effects of foreign currency translation as well as acquisitions and divestitures for which there is no comparable period.

Cash-based PUs are an effective tool to drive performance independent of stock market influences that may or may not be related to actual company performance. The Company balances long-term compensation strategy for senior management by providing a portion focused solely on long-term financial performance separate from the influence of stock market and stock price performance. The use of cash also reduces dilution to the Company's existing stockholders. The Company further believes that organic sales growth and ROIC, are long term drivers of stockholder value.

The payout is determined based on actual ROIC and organic sales growth achievement. The number of units vesting can range from 0% to 200% of target. For achievement of the maximum performance goals, the payout would be 200% of target. For achievement of target performance goals, the payout would be 100% of target. For achievement of threshold performance goals, the payout would be 25% of target. For achievement below the threshold performance goals, the payout would be zero.

Restricted Stock Units

Executive officers are granted RSUs under the LTIP. As set forth above, the purpose of the RSU grant is three-fold: It provides a vehicle for stock ownership, a means to ensure retention of the individual, and aligns the interests of the NEOs with equity ownership. The RSUs cliff vest 100% on the third anniversary of the date of grant. The number of RSUs granted is calculated by multiplying the total dollar value of the LTIP grant by the percentage of LTIP grant allocated to RSUs and dividing by the closing price of the Company's common stock as reported on the New York Stock Exchange on the date of the grant.

2013 Long Term Incentive Compensation Payout

Performance Share Units

The number of PSUs granted is calculated by multiplying the total dollar value of the LTIP grant by the percentage of the grant allocated to PSUs and dividing by the closing price of the Company's common stock as reported on the New York Stock Exchange on the date of the grant. The payout for PSUs for the performance period 2011-2013 is expected to take place in the second quarter of 2014. As of the date of this Proxy Statement, the Company is not able to finalize the calculation of the amount of PSUs to be paid to each NEO for the performance period 2011-2013 as some of the publicly disclosed information of the net income and sales performance of the Company's peer group is not yet available.

PSU grants have a payout opportunity ranging from 0% to 200% of the target grant. Prior to 2011, PSU grants were tied to net income ("NI") as a percent of sales versus the Company's peer group and NI versus budget. 200% of target payout is achieved when the performance exceeds 150% of target performance, and the threshold payout is met if the performance is 50% of goal. Payouts in between these levels are substantially linear

In April 2013, a PSU payout was made for the November 2009 PSP grants covering performance for the period 2010-2012. The amount of these awards was tied directly to the measures approved and communicated in 2009. The Company did not report this payout in the 2013 Proxy Statement because some of the publicly disclosed information for peer group performance was not available as of the date of the 2013 Proxy Statement, and the Company therefore could not calculate the amount prior to the publication of the 2013 Proxy Statement.

The following table details the Company's three-year average annual NI versus target for the performance period 2010-2012[1]. In no event may awards for participants be increased on a discretionary basis; however, the Committee does have the discretion to decrease the amount of any award paid to any participant under the PSU plan if the Committee in its judgment determines that such action is warranted due to unusual events that cause higher than justifiable results.

	2010 Net Income ($000)			2011 Net Income ($000)			2012 Net Income ($000)			
Entity	**Actual**	**Target**	**Actual as % of Target**	**Actual**	**Target**	**Actual as % of Target**	**Actual**	**Target**	**Actual as % of Target**	**3-year Net Income Average**
Controls	$ 62,230	$ 52,605	118.3%	$ 65,387	$ 56,821	115.1%	$ 68,995	$ 67,012	103.0%	112.1%
Flow Control	$ 71,299	$ 73,914	96.5%	$ 74,735	$ 82,165	91.0%	$ 65,034	$ 89,453	72.7%	86.7%
Surface Technologies	$ 18,367	$ 14,341	128.1%	$ 26,060	$ 17,001	153.3%	$ 45,963	$ 27,347	168.1%	149.8%
Total Corporate	$124,111	$107,625	115.3%	$146,215	$128,332	113.9%	$139,157	$148,698	93.6%	107.6%

[1] Adjustments were made following disclosure in the 2013 Proxy Statement to be consistent with adjustments made to other incentive based executive compensation plans.

The following table details results for the Company's 2010-2012 NI as a percentage of sales versus peer group ("relative ROS")[2]. Results are expressed as the Company's percentile ranking versus the peer group.

Entity	2010	2011	2012	3-year Relative ROS Average
Total Corporate	49.3%	53.2%	48.9%	50.5%

The results of the three year average annual NI versus target and three year average relative ROS are then compared to a payout matrix and a payout result (%) is determined. Payout percentages that result are as follows:

	3 YR Avg. NI vs. Target %	3 YR Avg. Relative ROS	Payout %
Controls	112%	50.5%	82%
Flow Control	87%	50.5%	69%
Surface Technologies	150%	50.5%	101%
Total Corporate	108%	50.5%	80%

Messrs. Benante, Tynan, and Denton were tied to the consolidated totals of NI as a percent of targeted NI. Mr. Adams was tied 75% to Controls and 25% to Surface Technologies NI as a percent of targeted NI for those respective business units and Mr. Quinly was tied to NI as a percent of targeted NI for Controls. Since peer proxy data are only available publicly for the consolidated NI and sales data, all participants are tied to consolidated corporate NI as a percent of sales versus the peer group.

As set forth in the table above, actual performance for the Company as a whole was 108% NI as a percent of targeted NI and 50th percentile NI as a percent of sales versus the peer group, resulting in a payout of 80% of target for Messrs. Benante, Tynan, and Denton. Actual performance for the Controls Business Segment and Surface Technologies Business Segment was 112% and 150% of NI as a percent of targeted NI, respectively, resulting in a payout of 86% of target for Mr. Adams. Actual performance for the Controls Business Segment was 112% of NI as a percent of targeted NI resulting in a payout of 82% of target for Mr. Quinly. Shown below is the PSU payout table for the performance period 2009-2011:

	2010-2012 Target		Payout		
	US Dollar Value	Number of Shares	Payout %	US Dollar Value	Number of Shares
Adams	$ 474,765	13,682	86%	$408,315	11,767
Benante	$1,168,627	33,678	80%	$934,922	26,943
Tynan	$ 418,621	12,064	80%	$334,924	9,652
Quinly	$ 229,957	6,627	82%	$188,595	5,435
Denton	$ 251,714	7,254	80%	$201,399	5,804

Cash-Based Performance Units

In February 2014, a cash-based performance unit payout was made based on the 2010 performance unit grants covering performance for the period 2011-2013. The amounts of these awards were tied directly to the measures approved and communicated in November 2010. The awards are listed in the Summary Compensation Table on page 44 of this Proxy Statement under the heading "Non-Equity Incentive Plan Compensation." Awards were based upon achievement of targeted average compound annual sales growth ("CAGR") of 8% and average adjusted return on capital ("ROC") target of 10%. Corporate payout for Messrs. Benante, Tynan and Denton is calculated based on a weighted average of the three business segment payouts using the sales weighted average of the three year performance period. Mr. Adams is tied 50% to the Controls business segment, 33% to Corporate, and 17% to the Surface Technologies business segment while Mr. Quinly is tied to the CAGR and ROC for the Controls business segment.

[2] Adjustments were made following disclosure in the 2013 Proxy Statement to be consistent with adjustments made to other incentive based executive compensation plans.

The following table details results for the Company's 2011-2013 cash-based PU payouts. In no event may awards for participants be increased on a discretionary basis; however, the Committee does have the discretion to decrease the amount of any award paid to any participant under the cash-based PUs if the Committee in its judgment determines that such action is warranted due to unusual events that caused higher than justifiable results.

	Business Segment	2010 Target Performance Units	Business Unit Performance "CAGR"	Payout Calculation "ROC"	Payout Percent	Performance Unit Payout (3)
Adams.	Corporate/Controls/ Surface Technologies	$ 439,686	11%	14%	129.35%	$ 568,734
Benante	Total Corporate	$1,091,250	11%	13%	121%	$1,320,413
Tynan	Total Corporate	$ 387,750	11%	13%	121%	$ 469,178
Quinly.	Controls	$ 221,130	11%	12%	119%	$ 263,051
Denton	Total Corporate	$ 233,100	11%	13%	121%	$ 282,051

Employee Stock Purchase Plan

The Company's NEOs, along with substantially all other full time Company employees, are eligible to participate in the Curtiss-Wright Corporation Employee Stock Purchase Plan ("ESPP"). The purpose of the ESPP is to encourage employees of the Company and its subsidiaries to increase their ownership in the Company's Common Stock. To achieve this purpose, the ESPP provides all participating employees with the opportunity to purchase the Company's Common Stock through a payroll deduction at a 15% discount of the market value of the stock, unless (i) the employee owns more than 5% of the Company's Common Stock or (ii) the employee is customarily employed for less than 20 hours per week. The ESPP is offered in six-month *"offering periods"* commencing on January 1 and July 1. At the end of each offering period, participant contributions are used to purchase a number of shares of common stock (subject to IRS limits), in an amount equal to 85% of the fair market value of the common stock on the last day of each offering period. An employee who elects to participate in the ESPP will have payroll deductions made on each payday during the six-month period.

Participants in the ESPP who are required to report their beneficial ownership under Section 16 of the Exchange Act are subject to blackout periods for sales of ESPP shares, which are limited to those periods during which there is a greater possibility that the Company's insiders are in possession of material insider information, whether or not they are in fact in possession of such information. With respect to each fiscal quarter, the black-out period begins two weeks before the end of a fiscal quarter and ends on (and includes) the second business day after the Company's earnings are released to the public. Blackout dates may change, as appropriate, from time to time at the discretion of the Board of Directors.

During 2013, the Executive Chairman, and Mr. Denton participated in the ESPP. Mr. Benante purchased 708 shares of Common Stock under the plan and Mr. Denton purchased 669 shares under the plan.

Executive Deferred Compensation Plan

The NEOs are also eligible to participate in the Company's non-qualified executive deferred compensation plan that allows participants to defer compensation in excess of certain statutory limits that apply to traditional and 401(k) pension plans. Each participant may defer up to 25% of their base salary; 50% of their annual performance bonus; and 50% of the cash portion of their long term cash award. The rate of interest is determined each year according to the average rate on 30-year Treasury bonds for November of the previous calendar year, plus 2.0%. Thus the rate fluctuates annually. The average 30-year Treasury bond rate for November 2012 was 2.08% and money in the Plan earned 4.08% for 2013. Earnings begin accruing upon deposit and are compounded daily. Earnings are posted

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(3) Cash-based performance unit payout is tied to a two-axis matrix that defines specific percentage of target payout levels at various level of ROC and CAGR performance. Minimum payout (25%) is achieved at 6% of ROC and 1% of CAGR while maximum (200%) payout is achieved at greater than 16% of CAGR and greater than 18% of ROC. Payouts in between these levels are substantially linear.

to the participants account on the final day of each month. *See "Deferred Compensation Plans" section in this Proxy Statement.* In 2013, the following NEOs participated in the executive deferred compensation plan: Messrs. Benante, Adams, Tynan, Quinly and Denton.

Pension Plans

Consistent with the Company's philosophy that compensation should promote the long-term retention and financial health of key executives and employees and be competitive with industry peers, the NEOs also participate in the Curtiss-Wright Corporation Retirement Plan ("Retirement Plan") and the Curtiss-Wright Corporation Restoration Plan. The Company's retirement plans integrate other components of the Company's executive compensation program by generally including base salary and cash incentive compensation in determining retirement plan benefits.

The Retirement Plan is a tax qualified, defined benefit, trusteed plan. The Retirement Plan is made up of two separate benefits: (1) a traditional, final average pay (FAP) formula component (this benefit was closed to new entrants as of February 1, 2010 and has a 15 sunset period commencing on January 1, 2014) and (2) a cash balance component (this benefit was closed to future participants and accruals as of January 1, 2014). This plan is administered by an administrative committee appointed by the Company. Both plans are non-contributory and most employees participate in one or both of the benefits, including the NEOs. An eligible employee becomes a participant in the Retirement Plan on the date he or she completes one year of service with the Company. One year of service means a period of 12 consecutive months, beginning on the employee's date of hire or on any subsequent January 1, during which the employee completes 1,000 hours of service. A participant becomes a vested participant after completing three years of service with the Company. Once a participant vests in their pension benefit they are entitled to a benefit at any time after termination of employment. If they receive payment of their traditional FAP benefit before their normal retirement date at age 65, their benefit is reduced by 2% for each of the first five years and 3% for each of the next five years that their actual retirement precedes their normal retirement date at age 65. The reduction that applies to the benefit is larger if the participant has elected payment before age 55.

On September 1, 1994, the Company amended and restated the Retirement Plan, and any benefits accrued as of August 31, 1994 were transferred into the amended Retirement Plan. The Retirement Plan, as amended, provides for an annual benefit at age 65 of 1.5% times the five year final average compensation in excess of social security covered compensation, plus 1% of the highest sixty (60) months final average compensation out of the last one hundred twenty (120) months of service up to social security covered compensation, in each case multiplied by the participant's years of service after September 1, 1994, not to exceed 35. In addition, a participant earns a cash balance plan pay-based credit equal to 3% of his or her annual compensation. These amounts are credited to a notional cash balance account that grows with interest based on the rates each December for 30-Year Treasury Bonds.

The Retirement Plan provides a total retirement benefit equal to the August 31, 1994, accrued benefit, indexed to reflect increases in compensation, as defined by the plan, from that date forward plus the benefit accrued after September 1, 1994 under the amended final average pay formula and the cash balance component.

As of August 31, 1994, the following monthly pension benefits had been accrued for those employees that participated in the plan prior to the plan merger in 1994: Mr. Benante, $137. Mr. Tynan, Mr. Denton, Mr. Adams, and Mr. Quinly commenced their employment with the Company after September 1, 1994, and therefore did not accrue a monthly pension under the Retirement Plan prior to September 1, 1994; however, they, along with the other NEO's, continue to accrue a benefit under the amended Retirement Plan.

Under the IRC and applicable regulations, as effective for 2013, the maximum allowable annual benefit under the Retirement Plan is $205,000. The maximum allowable annual benefit is reduced if benefits commence prior to age 62 and increased if benefits commence after age 65. The maximum annual compensation that may be taken into account in the determination of benefits under the Retirement Plan is $255,000. The Company maintains an unfunded, non-qualified Retirement Benefits Restoration Plan (the "Restoration Plan") under which participants in the Retirement Plan whose compensation or benefits exceed the limits imposed by I.R.C. Sections 401(a) (17) and 415 will receive a supplemental retirement benefit that restores the amount that would have been payable under the Retirement Plan except for the application of such limits. The Restoration Plan is also administered by the administrative committee.

The Restoration Plan benefits are not funded. In the event of a change in control, the Company has agreed to fund a Rabbi Trust in place through an agreement between the Company and PNC Bank, N.A., dated January 30, 1998, which provides for the payment of the Company's obligation under the Restoration Plan.

As a result of the Company providing both a cash balance benefit and a traditional final average pay benefit under the Retirement Plan, the Company does not offer a matching contribution to participants of the Savings and Investment Plan. Most participants can elect to defer up to 75% of his or her annual cash compensation per year on a tax deferred basis subject to the IRS Elective Deferral limit. For 2013, the aggregate pre-tax and Roth 401(k) Savings and Investment Plan contribution limit for a highly compensated employee was capped at a range of 7.0-8.0%. Participants may also make voluntary contributions up to the limits provided under the IRC on an after tax basis. For 2013, the after-tax Savings and Investment Plan contribution limit for a highly compensated employee was limited to 2.0%.

Executive Perquisites

In addition to the standard benefit plans offered to all employees, the NEOs are eligible for a limited number of executive perquisites that are consistent with market practices and that allow the NEOs to focus more of their time on achieving the Company's goals and objectives. The Committee has reviewed and approved the Company's formal perquisite plans with established limits. Perquisites are reported as taxable income as appropriate for each participating officer and reimbursements are subject to applicable income and employment tax withholding. Perquisites include financial planning and income tax preparation, a Company automobile or automobile allowance, and executive physicals for the executive and his or her spouse. Pay Governance, the Committee's former consultant, had advised the Committee that the overall level of perquisites the Company provides to its NEOs is consistent with that of its peers.

Limited Use of Retention Agreements

On October 12, 2006, the Company entered into a restricted stock unit agreement with Mr. Adams. Mr. Adams received a grant of 31,948 restricted stock units pursuant to the terms and conditions of the LTIP. Each unit is the equivalent of one share of Curtiss-Wright Common Stock. Mr. Adams' agreement also provides the equivalent of $1,000,000 in value as of the closing price reported on the New York Stock Exchange of Curtiss-Wright's Common Stock on September 26, 2006, the date the Board of Directors approved the material terms of the agreement to be offered to Mr. Adams. The agreement provides for the entire grant to vest on October 12, 2016 (ten years from the date the agreement was executed), provided that Mr. Adams does not voluntarily leave the employ of Curtiss-Wright or Mr. Adams is not otherwise terminated for "Cause", as defined in the agreement. On or prior to December 31, 2015, Mr. Adams may elect to convert said stock units to an equivalent number of shares of Curtiss-Wright Common Stock or defer the conversion of the stock units in accordance with Section 409A of the Internal Revenue Code for a period not greater than five (5) years. The agreement also provides for anti-dilutive adjustments in the event of recapitalization, reorganization, merger, consolidation, stock split, or any similar change and for the immediate vesting and conversion of the stock units upon Mr. Adams death or disability and in the event of a Change in Control of Curtiss-Wright.

On October 23, 2007, the Company entered into an additional restricted stock unit agreement with Mr. Adams on substantially the same terms as Mr. Adams' existing agreement providing for a grant of 21,182 restricted stock units at the equivalent of $1,000,000 in value as of the closing price reported on the New York Stock Exchange of Company Common Stock on September 24, 2007, the date the Board of Directors approved the material terms of the agreement to be offered to Mr. Adams. The restricted stock units in Mr. Adams' 2007 restricted stock unit agreement also vest on October 12, 2016 under the same terms and conditions set forth in his 2006 restricted stock unit agreement.

The Committee and the Board received advice and recommendations from Pay Governance, the prior independent external compensation consultant prior to implementing these agreements. The Committee believes that the performance of Mr. Adams in his current position and in prior positions makes him an attractive candidate for positions at other companies and felt that the agreements were justified by the need to increase the likelihood that Mr. Adams would choose to remain an employee of the Company over an extended period of time.

On April 1, 2013, the Company entered into a restricted stock unit agreement with Mr. Quinly. Mr. Quinly received a grant of 28,818 restricted stock units pursuant to the terms and conditions of the LTIP. Each unit is the equivalent of one share of Curtiss-Wright Common Stock. Mr. Quinly' agreement also provides the equivalent of $1,000,000 in value as of the closing price reported on the New York Stock Exchange of Curtiss-Wright's Common Stock on April 1, 2013, the date the Board of Directors approved the material terms of the agreement to be offered to Mr. Quinly. The agreement provides for the entire grant to vest on April 1, 2021 (eight years from the date the agreement was executed), provided that Mr. Quinly does not voluntarily leave the employ of Curtiss-Wright or Mr. Quinly is not otherwise terminated for any reason by the Company. On or prior to December 31, 2020, Mr. Quinly may elect to convert said stock units to an equivalent number of shares of Curtiss-Wright Common Stock or defer the conversion of the stock units in accordance with Section 409A of the Internal Revenue Code for a period not greater than five (5) years. The agreement also provides for anti-dilutive adjustments in the event of recapitalization, reorganization, merger, consolidation, stock split, or any similar change and for the immediate vesting and conversion of the stock units upon Mr. Quinly's death or disability and in the event of a Change in Control of Curtiss-Wright.

Policies concerning equity-based and other long-term incentive compensation

Equity Ownership and Other Requirements for Senior Executives

To further align the linkage between the interests of the NEOs and those of its stockholders, the Company requires the NEOs to use the shares obtained through long-term incentives to accumulate a significant level of direct share ownership. The Company's Stock Ownership Guidelines (the "Guidelines") require the CEO and all other NEOs to own Company stock denominated as a multiple of their annual salaries as follows: five times annual salary for the CEO and three times annual salary for other NEOs.

All share-based long-term incentive plan grants, including any vested stock options (post-2005 grants), are subject to the Guidelines and 50% of the net proceeds of a stock based grant vested or exercised (current market value of shares less the strike price) must be retained in Company stock. Given the performance-based variability in the ultimate value of the performance-based stock, there is no fixed timeframe to achieve the Guidelines. However, until the Guidelines are satisfied, the NEOs are only permitted to sell 50% of their value to accommodate the cost of taxes. Once the ownership thresholds are fully met and maintained, the holding limits are removed on any and all earned and vested shares. Shares owned outside the Company grants of equity are not subject to these holding restrictions but count toward the total amount of equity held. If a NEO leaves the Company for any reason, the Guidelines immediately lapse. Farient, the independent external executive compensation consultant for the Committee reviewed these Guidelines in 2013 and determined them to be fair and appropriate given the competitive practice of the Company's peer group and general industry, while ensuring good corporate governance. The Committee believes these Guidelines support a stock ownership culture and address concerns about lack of equity holding requirements.

The Committee reviews NEOs holdings annually in advance of long-term incentive grants and awards. Current market value of earned and purchased shares and the net value of vested and unexercised "in the money" options held (at that time) by the NEO are used rather than paid-in value to be consistent with prevailing industry practice.

Clawback Policy

In addition to the Guidelines, in 2009, the Committee amended its clawback policy to provide that in the event the amount of any incentive compensation award is based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria, or if a participant is one of the individuals subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act of 2002 and has committed an offense subject to forfeiture under such statute, the participant must reimburse the Company that portion of the incentive compensation award that was based on the inaccurate data or as provided for in such statute.

Insider Trading Policy

The Company also maintains an insider trading policy for all its employees, including the NEOs, and members of the Board of Directors. The policy specifically prohibits employees from engaging in any transaction in which they may profit from short-term speculative swings in the value of the Company's securities or those securities of any targeted acquisitions. This includes "short sales" (selling borrowed securities that the seller hopes can be purchased at a lower price in the future) or "short sales against the box" (selling owned, but not delivered securities), and hedging transactions such as zero-cost collars and forward sale contracts. In addition, the policy contains a strict black-out period during which all executive officers are prohibited from trading in the Company's securities. The black-out period commences two weeks prior to the close of every financial quarter and ends two business days after the issuance of the Company's earnings release.

Other Policies

Use of Tax Gross-up

The Company's existing NEO change-in-control agreements (except for Mr. Quinly who became an executive officer after 2008) provide for a supplemental cash payment to the extent necessary to preserve the level of benefits in the event of the imposition of excise taxes payable by a participant in respect of *"excess parachute payments"* under Section 280G of the Internal Revenue Code. The Company has not entered into a new agreement that includes tax gross-ups since 2008 and is committed to excluding this provision in any future agreements.

Tax Deductibility

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public corporations for compensation over $1,000,000 paid for any fiscal year to the Company's CEO and up to three other executive officers other than the CFO. However, certain performance-based compensation is exempt from the deduction limit if specific requirements are met. The Committee intends to structure awards to executive officers under the Company's MICP and equity awards program to qualify for this exemption. However, when appropriate, the Committee believes that stockholder interests are best served if the Committee's discretion and flexibility in awarding compensation is not restricted, even though some compensation awards may result in non-deductible compensation expenses.

Process the Committee undertook with Management, the Board, and Farient Advisors in setting and implementing executive compensation

The Committee determines the compensation of the Chief Executive Officer and recommends to the full Board the compensation levels for the remaining executive officers of the Company. The Committee also oversees the administration of the Company's executive compensation programs, and reviews and evaluates compensation arrangements to assess whether they could encourage undue risk taking.

In making its decisions and completing its review of the executive compensation programs, the Committee routinely examines the following important factors: (i) financial reports on performance versus budget and compared to prior year performance; (ii) calculations and reports on levels of achievement of corporate and individual performance objectives; (iii) reports on the Company's strategic initiatives and budget for future periods; (iv) data regarding the total compensation of the Chief Executive Officer and the other executive officers; and (v) information regarding compensation programs and compensation levels at the Company's peer comparative group identified by the Committee's compensation consultant.

To assist in determining the proper levels of compensation for the Chief Executive Officer and the remaining executive officers, the Committee engages an independent external executive compensation consultant to provide the Committee with advice on such matters. In July 2012, the Committee retained Farient Advisors, LLC as an independent external executive compensation consulting firm to provide advice on executive and director compensation matters, including market trends in executive and director compensation, proposals for compensation programs, program design, including measures and goal-setting, and other topics as the Committee deemed appropriate. Farient Advisors is directly accountable to the Committee, which has sole authority to engage, dismiss, and approve the terms of engagement of the compensation consultant. During 2013, Farient Advisors did not provide any other services to the Company. It is the Committee's and the Company's belief that the services provided by Farient Advisors are independent and free from any conflict of interest.

In order to design compensation programs that are aligned with appropriate Company performance goals and strategic direction, the Committee works closely with management, including the Chief Executive Officer, the Chief Financial Officer, and the Vice President of Human Resources. Specifically, management facilitates the alignment process by (i) providing compensation data the executive compensation consultant for comparative benchmarking; (ii) evaluating executive officer performance (with the exception of the Chief Executive Officer); (iii) making recommendations to the Committee regarding annual incentive plan design and performance metrics; and (iv) making recommendations to the Committee regarding the compensation of the executive officers (with the exception of the Chief Executive Officer) for base salary, annual incentive compensation targets, long-term cash incentive compensation targets, and long-term equity compensation. As discussed above, the Chief Executive Officer's compensation is determined by the Committee, with guidance from the compensation consultant. The Company's Vice President of Human Resources also supports the Committee's activities.

All decisions regarding executive compensation are ultimately made by the Committee and the Board of Directors.

The following report of the Executive Compensation Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this report by reference therein.

Executive Compensation Committee Report

The Executive Compensation Committee has reviewed and discussed this CD&A (included in this Proxy Statement) with management. Based upon the Executive Compensation Committee's review and discussions referred to above, the Executive Compensation Committee recommended that the Board of Directors include this CD&A in the Company's Proxy Statement for the year ended December 31, 2013, filed with the Securities and Exchange Commission.

EXECUTIVE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS

S. Marce Fuller, *Chairperson*
John R. Myers
Robert J. Rivet
Albert E. Smith

Risk Consideration in the Overall Compensation Program for 2013

In 2013, the Executive Compensation Committee, with the assistance of Farient Advisors, assessed the Company's executive and broad-based compensation and benefits programs to determine if the programs' provisions and operations create undesired or unintentional risk of a material nature. The Executive Compensation Committee concluded in this risk assessment that these programs have been designed and administered in a manner that discourages undue risk-taking by employees, including a number of features of the programs that are designed to mitigate risk, such as:

- Limits on annual and long-term performance awards, thereby defining and capping potential payouts;
- Proportionately greater award opportunity derived from the long-term incentive program compared to annual incentive plan, creating a greater focus on sustained Company performance over time;
- Use of three distinct long-term equity incentive vehicles—restricted stock units, long-term cash-based performance units, and performance shares—that vest over a number of years, thereby providing strong incentives for sustained operational and financial performance;
- Use of balanced measures, including top and bottom line measures, income and balance sheet statement measures, and short- and long-term measurement periods;
- Stock ownership guidelines for senior executives that ensure alignment with stockholder interests over the long term;
- Incorporation of an individual performance score, ranging from 1.0 to 5.0, as a key factor in the total annual incentive calculation, thereby enabling the Committee to direct a zero payout for the 20% individual-performance component (the executive can still get a payout for the 60% corporate adjusted operating income performance component and the 20% cash flow from operations performance component) to any executive in any year if the individual executive is deemed to have sufficiently poor performance or is found to have engaged in activities that pose a financial, operational or other undue risk to the Company; and
- A formal clawback policy applicable to both cash and equity compensation of senior executives.

For the foregoing reasons, the Committee has concluded that the Company's compensation policies and practices do not encourage excessive and unnecessary risk-taking, and that the level of risk that they do encourage is not reasonably likely to have a material adverse effect on the Company.

Post-Employment Agreements

Severance Agreements

Pursuant to a policy established by the Company's Board of Directors in 1977 designed to retain key employees, during 2012 the Company had at-will severance agreements with Messrs. Benante, Adams, Tynan, Quinly, and Denton. In the case of involuntary termination of employment other than termination for cause (as defined in the agreements), failure to comply with the terms and conditions of the agreement, voluntary resignation of employment by the employee, and voluntary retirement by the employee, these agreements provide for the payment of severance pay in an amount equal to one year's base salary at the time of termination as well as the continued availability of certain employee health and welfare benefits for a period of one year following termination. The agreements provide that such pay and benefits also would be made available in the case of voluntary retirement or termination of employment that is the direct result of a significant change in the terms or conditions of employment, including a reduction in compensation or job responsibilities. At the employee's option, the severance pay may be received over the two-year period following termination, in which case the employee benefits would continue in effect for the same period. The agreements further provide that the payment of severance pay and the availability of benefits are contingent upon a number of conditions, including the employee's performance of his or her obligations pursuant to the agreement, specifically to provide consulting services, release the Company from any employment related claims, and not compete with the Company for a period of 12 months.

Change-in-Control Agreements

Consistent with the Company's policies designed to retain key employees, the Company also entered into change-in-control severance protection agreements with Messrs. Benante, Adams, Tynan, Quinly, and Denton. The agreements with Messrs. Benante, Adams, Tynan, and Quinly, provide for payment of severance pay equal to three times while Mr. Denton provides for two times the sum of the executive's base salary and the greater of (i) the annual target incentive grant in the year the executive is terminated or (ii) the annual incentive paid under the MICP immediately prior to the executive's termination. These amounts shall be paid in a single lump sum cash payment within ten (10) days after the executive's termination date. The agreements also call for the continued availability of certain employee benefits for a period of three years following termination of employment.

In November 2011, Mr. Benante voluntarily forfeited his single trigger "walk away" right in the event of a change-in-control. Accordingly, the agreements with Messrs. Benante, Adams, Tynan, Quinly, and Denton have a double trigger, i.e. severance may be paid in the event that (1) there is a change-in-control of the Company, as that term is defined in the agreements, and (2) the covered executive's employment is formally or constructively terminated by the Company within twenty-four months following the change-in-control. Accordingly, if the Company terminates the employment without "cause" of Messrs. Benante, Adams, Tynan, Quinly, or Denton during the two year period following a change-in-control, or if Messrs. Benante, Adams. Tynan, Quinly, or Denton terminates their employment with the Company with "good reason," then the NEO is entitled to certain compensation and benefits provided for in the agreement. The agreements define "cause" as (a) a conviction of a felony, (b) intentionally engaging in illegal or willful misconduct that demonstrably and materially injures the Company, or (c) intentional and continual failure to substantially perform assigned duties which failure continues after written notice and a 30 day cure period. The agreements also define "good reason" as (a) adverse change in status, title, position, or responsibilities, (b) reduction in salary, (c) relocation of more than 25 miles, (d) the Company's failure to pay the covered individual in accordance with its compensation policies; or (e) a reduction in benefits. The agreements for all NEOs except Mr. Quinly are "grandfathered" to renew automatically each year. Consistent with best practices, all future executive officer change-in-control agreements elected as executive officers after January 1, 2008, including Mr. Quinly, must be approved and renewed annually by the Committee.

The following table shows the *potential* incremental value transfer to the NEOs under various employment related scenarios.

Potential Post-Employment Payment

Termination Scenario	David C. Adams	Martin R. Benante	Glenn E. Tynan	Thomas P. Quinly	Michael J. Denton
If Retirement or Voluntary Termination Occurred on December 31, 2013 (a) (b)	$ 3,933,578	$ 6,822,316	$3,168,036	$2,138,455	$1,843,964
If Termination for Cause Occurred on December 31, 2013 (c)	$ 794,265	$ 309,099	$ 734,114	$ 433,925	$ 505,308
If Termination Without Cause Occurred on December 31, 2013 (d)	$ 7,989,858	$ 7,792,316	$3,685,036	$2,738,455	$2,263,964
If "Change In Control" Termination Occurred on December 31, 2013 (e)	$16,005,877	$18,456,531	$8,447,801	$6,871,298	$4,553,405
If Death Occurred on December 31, 2013 (f)(g)	$ 9,451,719	$ 8,824,307	$4,812,050	$3,920,928	$3,072,898

(a) All named executive officers are eligible for early retirement.

(b) Includes (1) intrinsic value of any unvested/unearned cash-based performance units, restricted stock units, and performance shares on December 31, 2013 that would vest after the date of termination or retirement, (2) incremental value on measurement date (December 31, 2013) of vested benefit under the Curtiss-Wright Retirement Plan ("Retirement Plan") and the Curtiss-Wright Restoration Plan ("Restoration Plan"), assuming the executive elects immediate payout.

(c) Includes incremental value on measurement date (December 31, 2013) of vested benefit under the Curtiss-Wright Retirement Plan ("Retirement Plan") and the Curtiss-Wright Restoration Plan ("Restoration Plan"), assuming the executive elects immediate payout.

(d) Includes (1) intrinsic value of any unvested/unearned cash-based performance units, restricted stock units, and performance shares on December 31, 2013 that would vest after the date of termination for retirement-eligible executives, (3) severance payout, (4) accelerated vesting of retention agreement for Mr. Adams, (5) incremental value on measurement date (December 31, 2013) of vested benefit under the Curtiss-Wright Retirement Plan ("Retirement Plan") and the Curtiss-Wright Restoration Plan ("Restoration Plan"), assuming the executive elects immediate payout.

(e) Includes (1) change-in-control severance payout, (2) accelerated vesting of retention agreements for Messrs. Quinly and Adams, (3) present value of any accelerated vesting of cash-based performance units, performance shares, and restricted stock units on December 31, 2013, (4) incremental value on measurement date (December 31, 2013) of vested benefit under the Curtiss-Wright Retirement Plan ("Retirement Plan") and the Curtiss-Wright Restoration Plan ("Restoration Plan") including additional three years of benefit accrual per change-in-control agreements, assuming the executive elects immediate payout, and (5) gross-up payment per change-in-control agreements.

(f) Includes (1) accelerated vesting of retention agreements for Messrs. Quinly and Adams, (2) present value of any accelerated vesting of cash-based performance units, performance shares, and restricted stock units on December 31, 2013, (3) incremental value on measurement date (December 31, 2013) of vested benefit under the Curtiss-Wright Retirement Plan ("Retirement Plan") and the Curtiss-Wright Restoration Plan ("Restoration Plan"), assuming the executive elects immediate payout, and (4) value of Company-paid basic life insurance policy.

(g) Depending on circumstances of death, all employees may also be eligible for Accidental Death and Dismemberment (AD&D) insurance payment and Business Travel Accident insurance payment.

The following table sets forth information concerning the total compensation of the Executive Chairman, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and the other NEO of the Company who had the highest aggregate total compensation for the Company's fiscal year ended December 31, 2013.

Summary Compensation Table

				Stock Awards ($)			Non-Equity Incentive Plan Compensation				
Name and Principal Position	Year	Salary (a)	Bonus (b)	Performance Share Units (c)	Restricted Stock Units (d)	Option Awards	Annual Plan (e)	Long-Term Plan (f)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (g)	All Other Compensation (h)	Total
David C. Adams	2013	$690,154	$207,805	$ 810,000	$607,500	$0	$ 746,195	$ 568,734	$ 415,044	$41,558	$4,086,989
President and Chief	2012	$586,477	$ 0	$ 622,368	$466,776	$0	$ 539,432	$ 492,515	$1,165,942	$41,930	$3,915,440
Executive Officer	2011	$563,700	$ 0	$ 405,864	$405,864	$0	$ 716,604	$ 338,208	$ 671,507	$42,906	$3,144,653
Martin R. Benante	2013	$970,000	$ 0	$ 776,000	$ 0	$0	$1,234,422	$1,320,413	$ 0	$37,715	$4,338,550
Executive Chairman	2012	$970,000	$ 0	$1,047,600	$785,700	$0	$ 905,447	$1,030,219	$2,076,293	$43,229	$6,858,488
	2011	$970,000	$ 0	$ 829,350	$829,350	$0	$1,415,715	$ 291,375	$2,570,517	$32,270	$6,938,576
Glenn E. Tynan	2013	$517,000	$ 0	$ 382,580	$286,935	$0	$ 458,322	$ 469,178	$ 40,715	$32,428	$2,187,158
Vice President	2012	$517,000	$ 0	$ 382,580	$286,935	$0	$ 362,159	$ 369,023	$ 967,347	$25,449	$2,910,493
Finance and Chief Financial Officer	2011	$517,000	$ 0	$ 325,710	$325,710	$0	$ 574,904	$ 104,370	$ 484,066	$34,207	$2,365,967
Thomas P. Quinly	2013	$464,846	$ 0	$ 480,000	$360,000	$0	$ 461,244	$ 263,145	$ 142,869	$27,400	$2,199,505
Vice President and	2012	$411,000	$ 0	$ 314,500	$235,875	$0	$ 305,476	$ 208,845	$ 411,783	$23,033	$1,910,512
Chief Operating Officer	2011	$400,212	$ 0	$ 240,435	$240,435	$0	$ 390,207	$ 163,800	$ 235,377	$13,678	$1,684,144
Michael J. Denton................ Vice President, General Counsel, and Corporate Secretary	2013	$420,000	$ 0	$ 218,400	$163,800	$0	$ 292,824	$ 282,051	$ 0	$37,629	$1,414,704

(a) Includes amounts deferred under the Company's Savings and Investment Plan and Executive Deferred Compensation Plan.

(b) Represents a discretionary award paid to Mr. Adams on February 14, 2014.

(c) Includes grants of performance share units as part of the Company's Long Term Incentive Plan in November of each year. The values shown represent the grant date fair value of the grants at target. Performance share units have a maximum payout of 200% of target.

(d) Includes grants of time-based restricted stock units as part of the Company's Long Term Incentive Plan in November of each year. The values shown represent the grant date fair value of the grants at target.

(e) Includes payments made based on the Company's annual Modified Incentive Compensation Plan (MICP) for performance during the year.

(f) Includes the maturity of cash-based performance unit grants made under the Company's Long-Term Incentive Plan. For the 2013 row, payments are conditioned upon the financial performance of the Company and its subsidiaries during 2011-2013, and were paid in February 2014.

(g) Represents annual change in the actuarial accumulated present value (APV) of accumulated pension benefits. The rise in interest rates during 2013 resulted in a much lower increase in APV compared to recent years. For Mr. Benante and Mr. Denton, the decrease in AVP due to interest rate changes more than offsets the increase in the benefits for a year's accrual and passage of time, which is why we show a $0 increase. Compared to December 31, 2012, Mr. Benante's APV decreased by $808,435 and Mr. Denton's APV decreased by $15,025.

(h) Includes personal use of company car, payments for executive physicals, financial counseling, premium payments for executive life insurance paid by the Company during the covered fiscal year for term life insurance and accidental death and disability insurance.

The Company's executive officers are not employed through formal employment agreements. It is the philosophy of the Committee to promote a competitive at-will employment environment, which would be impaired by lengthy employment arrangements. The Committee provides proper long-term compensation incentives with competitive salaries and bonuses to ensure that senior management remains actively and productively employed with the Company.

The Company believes perquisites for executive officers should be limited in scope and value and aligned with peer group practices as described earlier. As a result, the Company has historically given nominal perquisites. The below table generally illustrates the perquisites the Company provides to its NEOs.

The Company also maintains a policy concerning executive automobiles under which certain officers of the Company are eligible to use Company leased automobiles or receive an equivalent automobile allowance. The NEOs participate in this program. The Company maintains the service and insurance on Company leased automobiles. In addition to the Company automobile policy, the Company also provides all executive officers with financial planning and tax preparation services through Wachovia Financial Services. Not all executive officers utilize these services on an annual basis. Finally, all executive officers and their spouses are provided annual physicals through the Mayo Clinic at any one of the clinic's three locations.

Perquisites and Benefits

Name	Automobile (a)	Financial Planning	Executive Physical	Insurance Premiums
David C. Adams	$19,227	$ 8,705	$10,295	$3,331
Martin R. Benante	$21,178	$12,764	$ 0	$3,773
Glenn E. Tynan	$12,573	$ 5,359	$12,250	$2,246
Thomas P. Quinly	$12,000	$ 0	$13,154	$2,246
Michael J. Denton	$18,032	$ 0	$16,621	$2,976

(a) Represents the personal use of Company-leased automobiles. Mr. Quinly receives an automobile allowance in lieu of a Company-leased automobile.

The Company's executive officers are entitled to receive medical benefits, life and disability insurance benefits, and to participate in the Company's Savings and Investment Plan, Defined Benefit Plan, Employee Stock Purchase Plan, flexible spending accounts, and disability plans on the same basis as other full-time employees of the Company.

The Company also offers a nonqualified executive deferred compensation plan, in accordance with Section 409A of the Code, whereby eligible executives, including the NEOs, may elect to defer additional cash compensation on a tax deferred basis. The deferred compensation accounts are maintained on the Company's financial statements and accrue interest at the rate of (i) the average annual rate of interest payable on United States Treasury Bonds of 30 years maturity as determined by the Federal Reserve Board, plus (ii) 2%. Earnings are credited to executives' accounts on a monthly basis.

Grants of Plan-Based Awards

Name	Plan Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards: Number of Units	Threshold ($)	Target ($)	Max ($)	Estimated Future Payouts Under Equity Incentive Plan Awards: Threshold (#)	Target (#)	Max (#)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Grant Date Fair Value of Stock Awards
David C. Adams	MICP (a)	11/12/2013		$375,000	$ 750,000	$1,500,000						
	LTI (b)	11/12/2013	607,500	$303,750	$ 607,500	$1,215,000						
	LTI (c)	11/12/2013					7,926	15,852	31,704			$810,000
	LTI (d)	11/12/2013								11,889		$607,500
Martin R. Benante	MICP (a)	11/12/2013		$509,250	$1,018,500	$2,037,000						
	LTI (b)	11/12/2013	1,164,000	$582,000	$1,164,000	$2,328,000						
	LTI (c)	11/12/2013					7,593	15,186	30,372			$776,000
Glenn E. Tynan	MICP (a)	11/12/2013		$193,875	$ 387,750	$ 775,500						
	LTI (b)	11/12/2013	286,935	$143,468	$ 286,935	$ 573,870						
	LTI (c)	11/12/2013					3,744	7,487	14,974			$382,580
	LTI (d)	11/12/2013								5,616		$286,935
Thomas P. Quinly	MICP (a)	11/12/2013		$225,000	$ 450,000	$ 900,000						
	LTI (b)	11/12/2013	360,000	$180,000	$ 360,000	$ 720,000						
	LTI (c)	11/12/2013					4,697	9,394	18,788			$480,000
	LTI (d)	11/12/2013								7,046		$360,000
Michael J. Denton	MICP (a)	11/12/2013		$126,000	$ 252,000	$ 504,000						
	LTI (b)	11/12/2013	163,800	$ 81,900	$ 163,800	$ 327,600						
	LTI (c)	11/12/2013					2,137	4,274	8,548			$218,400
	LTI (d)	11/12/2013								3,206		$163,800

(a) Values in this row represent the Company's annual Modified Incentive Compensation Plan (MICP), which was approved on November 12, 2013 for performance during fiscal 2014. The incentive threshold, target, and maximum are expressed above as a percentage of annualized base salary on December 31, 2013.

(b) Values in this row represent grants of cash-based performance units made under the Company's Long-Term Incentive Plan.

(c) Values in this row represent grants of performance share units as part of the Company's Long-Term Incentive Plan.

(d) Values in this row represent grants of restricted stock units as part of the Company's Long-Term Incentive Plan. Mr. Benante did not receive a restricted stock unit grant in 2013.

The NEOs are paid dividends on restricted stock awards only. These dividends are reinvested into the restricted stock awards and are subject to the same limitations and restrictions as the original restricted stock award. The plan specifically prohibits the re-pricing of options and requires that any equity-based grants be issued based on the closing price of the Company's Common Stock as reported by the NYSE on the date of the grant.

The Committee granted cash-based performance units, performance shares, and restricted stock units in November 2013 to the NEOs. The cash-based performance units and performance shares units will mature in December 2016 and will be paid in early 2017 if the financial goals are attained. The values shown in the table reflect the potential value at a target value of one dollar per unit payable at the end of the three-year performance period and one stock unit convertible into one share of Common Stock if the objectives are attained. The chart also reflects the fact that each stock unit may be worth a maximum of approximately two dollars or two shares if all performance targets are substantially exceeded, or nothing at all if performance thresholds are not met.

The following table sets forth the outstanding equity awards of the NEOs. Some of the grants disclosed below are not yet vested and are subject to forfeiture under certain conditions.

Outstanding Equity Awards at Fiscal Year-End

	Option Awards					Stock Awards			
Name	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options**	**Option Exercise Price**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested (#) (a)**	**Market Value of Shares or Units that Have Not Vested ($) (a)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested (#)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)**
David C. Adams	3,220	0	0	$27.96	11/16/2014				
	3,808	0	0	$27.92	11/15/2015				
	11,137	0	0	$36.73	11/19/2016	31,948	1,988,124 (b)		
	11,423	0	0	$54.00	11/16/2017	21,182	1,318,156 (b)	14,716	915,777 (c)
	31,421	0	0	$30.12	11/15/2018	12,311	766,114	12,311	766,114 (d)
	30,679	0	0	$30.90	11/17/2019	14,167	881,612	18,889	1,175,462 (e)
	34,414	0	0	$29.88	11/15/2020	11,889	739,852	15,852	986,470 (f)
Martin R. Benante	25,368	0	0	$27.96	11/16/2014				
	30,000	0	0	$27.92	11/15/2015				
	69,527	0	0	$36.73	11/19/2016				
	72,816	0	0	$54.00	11/16/2017			36,522	2,272,764 (c)
	77,342	0	0	$30.12	11/15/2018			25,155	1,565,396 (d)
	75,516	0	0	$30.90	11/17/2019	25,155	1,565,396	31,794	1,978,541 (e)
	85,412	0	0	$29.88	11/15/2020	23,846	1,483,937	15,186	945,025 (f)
Glenn E. Tynan	5,824	0	0	$27.96	11/16/2014				
	6,888	0	0	$27.92	11/15/2015				
	10,847	0	0	$36.73	11/19/2016				
	10,246	0	0	$54.00	11/16/2017			12,977	807,559 (c)
	27,704	0	0	$30.12	11/15/2018	9,879	614,770	9,879	614,770 (d)
	27,050	0	0	$30.90	11/17/2019	8,709	541,961	11,611	722,553 (e)
	30,349	0	0	$29.88	11/15/2020	5,616	349,484	7,487	465,916 (f)
Thomas P. Quinly	2,836	0	0	$27.96	11/16/2014				
	3,354	0	0	$27.92	11/15/2015				
	4,867	0	0	$36.73	11/19/2016				
	4,318	0	0	$54.00	11/16/2017	24,818	1,544,424 (b)	7,401	460,564 (c)
	15,218	0	0	$30.12	11/15/2018	7,293	453,843	7,293	453,843 (d)
	14,859	0	0	$30.90	11/17/2019	7,159	445,505	9,545	593,985 (e)
	17,308	0	0	$29.88	11/15/2020	7,046	438,473	9,394	584,589 (f)
Michael J. Denton	5,224	0	0	$27.96	11/16/2014				
	6,178	0	0	$27.92	11/15/2015				
	9,002	0	0	$36.73	11/19/2016				
	6,889	0	0	$54.00	11/16/2017			7,802	485,518 (c)
	16,658	0	0	$30.12	11/15/2018	4,969	309,221	4,969	309,221 (d)
	16,264	0	0	$30.90	11/17/2019	4,972	309,408	6,629	412,523 (e)
	18,245	0	0	$29.88	11/15/2020	3,206	199,509	4,274	265,971 (f)

(a) Represents unvested restricted stock units granted as part of the Company's Long-Term Incentive Plan. Stock price used to determine value is $62.23, the closing price of Company common stock on December 31, 2013.

(b) Represents retention grants of restricted stock units for Mr. Adams and Mr. Quinly. Stock price used to determine value is $62.23, the closing price of Company common stock on December 31, 2013.

(c) Represents cash value at target of outstanding performance-based share units granted November 15, 2010 as part of the Company's Long Term Incentive Plan. Stock price used to determine value is $62.23, the closing price of Company common stock on December 31, 2013. Performance shares will be earned as common stock early in 2014 contingent upon the extent to which previously established performance objectives are achieved over the three year period ending at the close of business on December 31, 2013.

(d) Represents cash value at target of outstanding performance-based share units granted November 15, 2011 as part of the Company's Long Term Incentive Plan. Stock price used to determine value is $62.23, the closing price of Company common stock on December 31, 2013. Performance shares will be earned as common stock early in 2015 contingent upon the extent to which previously established performance objectives are achieved over the three year period ending at the close of business on December 31, 2014.

(e) Represents cash value at target of outstanding performance-based share units granted December 20, 2012 as part of the Company's Long Term Incentive Plan. Stock price used to determine value is $62.23, the closing price of Company common stock on December 31, 2013. Performance-based share units will be earned as common stock early in 2016 contingent upon the extent to which previously established performance objectives are achieved over the three year period ending at the close of business on December 31, 2015.

(f) Represents cash value at target of outstanding performance-based share units granted November 12, 2013 as part of the Company's Long Term Incentive Plan. Stock price used to determine value is $62.23, the closing price of Company common stock on December 31, 2013. Performance-based share units will be earned as common stock early in 2016 contingent upon the extent to which previously established performance objectives are achieved over the three year period ending at the close of business on December 31, 2016.

The following table sets forth information regarding options exercised and stock vested during calendar year 2013.

Option Exercises and Stock Vested

	Option Awards		Stock Awards (a)	
Name	Number of Shares Acquired Upon Exercise (#)	Value Realized Upon Exercise ($)	Number of Shares Acquired Upon Vesting (#)	Value Realized Upon Exercise ($)
David C. Adams	3,436	$ 82,372	21,881	$ 923,361
Martin R. Benante	37,036	$1,160,145	52,044	$2,213,114
Glenn E. Tynan	5,672	$ 180,286	18,571	$ 789,127
Thomas P. Quinly	0	$ 0	10,521	$ 447,614
Michael J. Denton	5,672	$ 111,129	11,166	$ 474,435

(a) Stock Awards includes the vesting of the November 17, 2009 Performance Share Unit grant (for performance period 2010-2012) and the November 15, 2010 Restricted Stock grant plus reinvested dividends.

Deferred Compensation Plans

The following table shows the deferred compensation activity for the NEOs during 2013. This table does not include the nonqualified Restoration Plan since these totals are provided separately in the Pension Benefit Table below.

Non-Qualified Deferred Compensation

Name	Executive Contributions in Last Fiscal Year ($) (a)	Registrant Contributions in Last Fiscal Year ($)	Aggregate Earnings in Last Fiscal Year ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last Fiscal Year End ($)
David C. Adams	$246,258	$0	$173,331	$ 0	$3,743,765
Martin R. Benante	$339,067	$0	$165,683	$ 0	$3,653,154
Glenn E. Tynan	$ 80,174	$0	$ 24,576	-$112,746	$ 538,358
Thomas P. Quinly	$116,212	$0	$ 2,543	$ 0	$ 118,755
Michael J. Denton	$ 0	$0	$ 0	$ 0	$ 0

(a) Amounts reported in this column represent deferral of salary and incentive payments deferred in 2013, and such amounts are also included in the corresponding columns of the Summary Compensation Table.

Total Pension Benefit Payable to Executive Officers

The estimated total pension benefit payable under the Curtiss-Wright Retirement Plan, and the nonqualified Curtiss-Wright Restoration Plan described above in "Pension Plans" to the NEOs at retirement age 65 is also described in the following table as a total lump sum payable from each of these plans, based on benefits earned through December 31, 2013. Participants must choose to receive benefits under the Retirement Plan and the Restoration Plan either through annuity payments or as a lump sum.

Qualified Pension Benefit

Name	Plan Name (a)	Number of Years Credited Service	Present Value of Accumulated Benefit (b) ($)	Payments During Last Fiscal Year ($)
David C. Adams	Curtiss-Wright Corporation Retirement Plan	14	1,407,233	$0
Martin R. Benante	Curtiss-Wright Corporation Retirement Plan	36	3,866,137	$0
Glenn E. Tynan	Curtiss-Wright Corporation Retirement Plan	14	736,872	$0
Thomas P. Quinly	Curtiss-Wright Corporation Retirement Plan	9	491,513	$0
Michael J. Denton	Curtiss-Wright Corporation Retirement Plan	12	704,962	$0

(a) The Curtiss-Wright Corporation Retirement Plan is a defined benefit pension plan providing qualified retirement benefits to eligible employees of the Curtiss-Wright Corporation. Benefits are based on a formula which takes account of service and the average of the highest five years of a participant's pay within the last 10 years of employment. Normal retirement is the later of age 65 or five years of service. Unreduced early retirement benefits may be payable if age is greater than 55 and the sum of age and service exceeds 80.

(b) The present value of the accumulated benefit was determined as of December 31, 2013, the measurement date used for pension disclosure in the Company's financial statements pursuant to Accounting Standard Codification 715.

Non-Qualified Pension Benefit

Name	Plan Name (a)	Number of Years Credited Service	Present Value of Accumulated Benefit (b) ($)	Payments During Last Fiscal Year ($)
David C. Adams	Curtiss-Wright Corporation Retirement Plan	14	2,303,507	$0
Martin R. Benante	Curtiss-Wright Corporation Retirement Plan	36	10,402,587	$0
Glenn E. Tynan	Curtiss-Wright Corporation Retirement Plan	14	2,000,049	$0
Thomas P. Quinly	Curtiss-Wright Corporation Retirement Plan	9	727,619	$0
Michael J. Denton	Curtiss-Wright Corporation Retirement Plan	12	1,271,794	$0

(a) The Curtiss-Wright Corporation Restoration Plan is a non-qualified retirement plan established to provide benefits that would have been payable under the C-W Retirement Plan but for the limitations imposed by the provisions of the Internal Revenue Code and Employee Retirement Income Security Act. All participants of the C-W Retirement Plan are eligible to participate in the Restoration Plan. Restoration benefits are payable at the same time and otherwise in accordance with the terms and conditions applicable under the C-W Retirement Plan.

(b) The present value of the accumulated benefit was determined as of December 31, 2013, the measurement date used for pension disclosure in the Company's financial statements pursuant to Accounting Standard Codification 715.

The Plan benefit formula is described earlier. Elements of compensation that are included in the calculation of a benefit are base salary earned and short and long-term cash incentives earned. The Company has not adopted a policy prohibiting special benefits under the plans. However, historically the Company has not provided any additional years of credited service to any participants in the Plan.

COMPENSATION OF DIRECTORS

The following table sets forth certain information regarding the compensation earned by or granted to each non-employee director who served on the Company's Board of Directors in 2013. Messrs. Benante and Adams, the only directors who are employees of the Company, are not compensated for their services as Board members.

Director Compensation

Name	Fees Earned or Paid in Cash ($) (a)	Stock Awards ($)(b)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Compensation Earnings ($)	All Other Compensation ($)(c)	Total
Dean M. Flatt	$ 86,400	$70,000	—	—	—	$1,013	$157,413
S. Marce Fuller	$115,800	$70,000	—	—	—	$1,013	$186,813
Allen A. Kozinski	$ 90,300	$70,000	—	—	—	$1,013	$161,313
John R. Myers	$ 93,600	$70,000	—	—	—	$1,013	$164,613
John B. Nathman	$ 82,800	$70,000	—	—	—	$1,013	$153,813
Robert J. Rivet	$117,600	$70,000	—	—	—	$1,013	$188,613
William W. Sihler	$ 98,400	$70,000	—	—	—	$1,313	$169,713
Albert E. Smith	$101,100	$70,000	—	—	—	$1,013	$172,113

(a) Represents all fees earned or paid in cash for services as a director, including annual retainer, lead director fee, board meeting fees, and committee chairman retainers paid in cash, stock, or a combination of the two at the election of the Director, and includes amounts deferred.

(b) The values shown represent the aggregate grant date fair value for 2013 computed in accordance with FASB ASC Topic 718. In February 2013, each non-employee Director was awarded 1,907 shares of restricted common stock as annual stock grant, each having a full fair value of $70,000 based on the market value of the common stock on the grant date pursuant to FASB ASC Topic 718. The aggregate number of stock awards outstanding at December 31, 2013 are as follows: Flatt—4,586; Fuller—5,649; Kozinski—5,649; Myers—5,649; Nathman—5,649; Rivet—4,734; Sihler—5,649; and Smith—5,649.

(c) Represents premium payments paid by the Company during the covered fiscal year for term life insurance and dividends paid on (x) annual restricted common stock grant and (y) annual retainer, board meeting fees, and committee chairman retainers paid in stock at the election of the Director.

Each non-employee director of the Company is paid an annual retainer of $45,000 plus $1,800 for each meeting of the Board of Directors and committees he or she personally attended or participated in by telephone conference call. The chairpersons of the Finance Committee and Committee on Directors and Governance of the Board of Directors are paid an additional annual retainer of $7,500. The chairpersons of Audit and Executive Compensation Committees of the Board of Directors are paid an additional annual retainer of $15,000. The lead independent director is paid an additional annual retainer of $12,000. Pursuant to the Company's 2005 Stock Plan for Non-Employee Directors, the Company's non-employee Directors may elect to receive their annual retainer and meeting fees in the form of Company Common Stock, cash, or both and may elect to defer the receipt of such stock or cash. Each non-employee Director is also eligible for group term life insurance coverage in the amount of $150,000 for which the Company pays the premiums. The premiums paid on this insurance coverage for each Director is reported as income to the Director. In addition, each Director is also eligible for executive physicals at the Mayo clinic for the Director and his or her spouse, which the Company pays the cost and whose total value for each Director is generally less than $10,000.

In addition to the annual retainer and meeting fees described above, under the Company's 2005 Stock Plan for Non-Employee Directors, the Company, acting through the Committee on Directors and Governance has the authority to make equity grants to non-employee Directors. Effective February 2014, each non-employee Director was granted 1,179 shares of restricted Common Stock based on a market value of $70,000 on the grant date with such shares subject to forfeiture based upon failing to remain on the Board for a three year period. The Company grants each newly-appointed Director upon appointment a grant of restricted Common Stock valued at $35,000 based on the market value of the Common Stock on the grant date with such shares subject to forfeiture based upon failing to remain on the Board for a five year period. In 2005, the Directors adopted a policy that each Director must accumulate a total position in the Company's Common Stock with a value of three times the annual retainer.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act and the rules thereunder of the SEC require the Company's Directors, Officers, and beneficial owners of more than 10% of the Common Stock to file reports of their ownership and changes in ownership of Common Stock with the Commission. SEC regulations require that the Company be furnished with copies of these reports. Personnel of the Company generally prepare these reports on behalf of the Directors and Officers on the basis of information obtained from each Director and Officer. Based solely on a review of these reports and on such information from the Directors and Officers, the Company believes that all reports required by Section 16(a) of the Securities and Exchange Act to be filed during the year ended December 31, 2013 were filed on time, except that a report on Form 4 for Albert E. Smith reporting except transactions covering purchases of Common Stock on April 11, 2013, July 12, 2013, and October 18, 2013 through a dividend reinvestment account were not filed on time and were filed under a Form 5 on February 18, 2014.

Certain Relationships and Related Transactions

The Company's legal department is primarily responsible for identifying relationships and transactions in which the Company and a director, executive officer or more than 5% stockholder of the Company, including any of their immediate family members, and any entity owned or controlled by them, are participants to determine whether any of these related persons had or will have a direct or indirect material interest. In order to identify potential related person transactions, the Company's legal department annually prepares and distributes to all directors and executive officers a written questionnaire which includes questions intended to elicit information about any related person transactions.

The Company's corporate governance guidelines, applicable to Directors, and the Company's code of conduct, applicable to all employees of the Company, including executive officers (copies of which may be viewed within the Corporate Governance section of the Company's website at *www.curtisswright.com* and are available in print, without charge, upon written request to the Company's Corporate Secretary), prohibits such individuals from engaging in specified activities without prior approval. These activities typically relate to conflict of interest situations where a director, executive officer or immediate family member may have significant financial or business interests in another company competing with or doing business with the Company, or who stands to benefit in some way from such a relationship or activity. If a director or executive officer believes that, as a result of a transaction with the Company, he or she has an actual or potential conflict of interest with the Company, he or she must promptly notify the Company's General Counsel. In case of a transaction involving a director, he or she must also notify the Chairperson of the Committee on Directors and Governance (or in case of a transaction involving the Chairperson of the Committee on Directors and Governance, notify the members of the Committee on Directors and Governance).

The Board of Directors has responsibility for reviewing and approving or ratifying related person transactions. To the extent that a proposed related-person transaction may involve a director, such individual may not participate in any decision by the Board that in any way relates to the matter that gives rise to the conflict of interest.

Neither the corporate governance guidelines nor code of conduct specify the standards to be applied by the Board of Directors in reviewing transactions with related persons. However, the Company expects that in general the Board of Directors will consider all of the relevant facts and circumstances, including, if applicable, but not limited to: (i) the benefits to the Company; (ii) the impact on a Director's independence in the event the related person is a Director, an immediate family member of a Director, or an entity in which a Director is a partner, shareholder, or executive officer;

(iii) the availability of other sources for comparable products or services; (iv) the terms of the transaction; and (v) the terms available for similar transactions with unrelated third parties.

During fiscal year 2013, there were no proceedings to which any of our Directors, executive officers, affiliates, holders of more than five (5%) percent of our Common Stock, or any associate (as defined in the Proxy Rules) of the foregoing were adverse to the Company. During fiscal year 2013, none of our Directors, executive officers, holders of more than five (5%) percent of our Common Stock, or any members of their immediate family had a direct or indirect material interest in any transactions or series of transactions with the Company in which the amount involved exceeded or exceeds $120,000.

Compensation Committee Interlocks and Insider Participation

During fiscal year 2013:

- None of the members of the Executive Compensation Committee was an officer (or former officer) or employee of the Company;
- None of the members of the Executive Compensation Committee or any members of their immediate family entered into (or agreed to enter into) any transaction or series of transactions with the Company in which the amount involved exceeded or exceeds $120,000;
- None of the Company's executive officers served on the compensation committee (or another board committee with similar functions or, if there was no such committee, the entire board of Directors) of another entity where one of that entity's executive officers served on the Company's Executive Compensation Committee;
- None of the Company's executive officers was a Director of another entity where one of that entity's executive officers served on the Company's Executive Compensation Committee; and
- None of the Company's executive officers served on the compensation committee (or another board committee with similar functions or, if there was no such committee, the entire board of Directors) of another entity where one of that entity's executive officers served as a Director on the Company's Board of Directors.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information as of February 14, 2014 for the beneficial ownership of common stock by (a) each stockholder who, to the Company's knowledge, is the beneficial owner of more than 5% of the outstanding shares of any class of Common Stock, (b) each current Director of the Company, (c) each nominee for election as a Director of the Company, (d) each of the executive officers of the Company named in the Summary Compensation Table above (the "Named Executive Officers"), and (e) all current Directors and executive officers of the Company as a group. The percentages in the third column are based on 48,036,452 shares of Common Stock outstanding on February 14, 2014. In each case, except as otherwise indicated in the footnotes to the table, the shares shown in the second column are owned directly or indirectly by the individuals or members of the group named in the first column, with sole voting and dispositive power. For purposes of this table, beneficial ownership is determined in accordance with the federal securities laws and regulations. Inclusion in the table of shares not owned directly by the Director or Named Executive Officer does not constitute an admission that such shares are beneficially owned by the Director or Named Executive Officer for any other purpose.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Class
BlackRock, Inc.	4,236,749 (a)	8.8%
Singleton Group LLC	3,762,960 (b)	7.8%
GAMCO Asset Management Inc.	3,732,108 (c)	7.8%
The Vanguard Group	2,642,076 (d)	5.5%
Allianz Global Investors U.S. Holdings LLC	2,552,393 (e)	5.3%
Dimensional Fund Advisors LP	2,517,340 (f)	5.2%
David C. Adams	270,194 (g)(h)(i)	*
Martin R. Benante	587,875 (g)(h)(i)	1.2%
Michael J. Denton	116,234 (g)(h)(i)	*
Dean M. Flatt	4,586 (g)(j)	*
S. Marce Fuller	17,398 (g)(k)	*
Dr. Allen A. Kozinski	21,714 (g)(j)	*
John R. Myers	22,824 (g)(j)	*
John B. Nathman	12,063 (g)(j)	*
Thomas P. Quinly	136,263 (g)(h)(i)	*
Robert J. Rivet	2,864 (g)(j)	*
Dr. William W. Sihler	6,724 (g)	*
Albert E. Smith	15,950 (g)(j)(k)	*
Stuart W. Thorn	— (g)	—
Glenn E. Tynan	196,550 (g)(h)(i)	*
Directors and Executive Officers as a group (17 persons)	1,497,422 (l)	3.1%

* Less than 1%.

(a) Address is 40 East 52nd Street, New York, New York, 10022. The information as to the beneficial ownership of Common Stock by BlackRock, Inc. was obtained from Amendment No. 4, dated January 17, 2014, to its statement on Schedule 13G, filed with the Securities and Exchange Commission. Such report discloses that at December 31, 2013, BlackRock, Inc. possessed sole voting and sole dispositive power with respect to 4,101,319 and 4,236,749 shares of Common Stock, respectively.

(b) Address is 11661 San Vicente Boulevard, Suite 915, Los Angeles, California, 90049. The information as to the beneficial ownership of Common Stock by Singleton Group LLC was obtained from Amendment No. 2, dated August 17, 2007, to its statement on Schedule 13D, filed with the Securities and Exchange Commission. Such report discloses that at August 17, 2007: (1) the Singleton Group LLC possessed shared voting and dispositive power with respect to 3,762,960 shares of Common Stock, (2) Christina Singleton Mednick possessed shared voting and dispositive power with respect to 3,762,960 shares of Common Stock, (3) William W. Singleton possessed shared voting and dispositive power with respect to 3,762,960 shares of Common Stock, and (4) Donald E. Rugg possessed shared voting and dispositive power with respect to 3,762,960 shares of Common Stock and sole voting and dispositive power with respect to 56 shares of Common Stock.

(c) Address is One Corporate Center, Rye, New York, 10580. The information as to the beneficial ownership of Common Stock by GAMCO Asset Management Inc. was obtained from Form 13F, dated February 4, 2014, filed with the Securities and Exchange Commission. Such Form 13F disclosed that at December 31, 2013, it possessed sole voting power with respect to 2,361,308 shares of Common Stock and no voting power with respect to 129,000 shares of Common Stock. Also, pursuant to Form 13F, dated February 4, 2014, filed with the Securities and Exchange Commission, Gabelli Funds, LLC, an affiliate of GAMCO Asset Management Inc., disclosed that at December 31, 2013, it possessed sole voting power with respect to 1,370,800 shares of Common Stock.

(d) Address is 100 Vanguard Boulevard, Malvern, Pennsylvania 19355. The information as to the beneficial ownership of Common Stock by The Vanguard Group was obtained from Schedule 13G, dated February 6, 2014, filed with the Securities and Exchange Commission. Such report discloses that at December 31, 2013, The Vanguard Group: (1) possessed sole voting power with respect to

69,519 shares of Common Stock, (2) sole dispositive power with respect to 2,575,157 shares of Common Stock, and (3) possessed shared dispositive power with respect to 66,919 shares of Common Stock

(e) Address is 680 Newport Center Drive, Suite 250, Newport Beach, California 92660. The information as to the beneficial ownership of Common Stock by Allianz Global Investors U.S. Holdings LLC was obtained from Schedule 13G, dated February 11, 2014, filed with the Securities and Exchange Commission. Such report discloses that at December 31, 2013: (1) NFJ Investment Group LLC, Allianz Global Investors Europe GmbH, and Allianz Global Investors U.S. LLC possessed sole voting power with respect to 2,297,384, 30,887, and 190,140 shares of Common Stock, respectively, and (2) NFJ Investment Group LLC, Allianz Global Investors Europe GmbH, and Allianz Global Investors U.S. LLC possessed sole dispositive power with respect to 2,297,684, 64,569, and 190,140 shares of Common Stock, respectively

(f) Address is 6300 Bee Cave Road, Austin, Texas 78746. The information as to the beneficial ownership of Common Stock by Dimensional Fund Advisors LP was obtained from Schedule 13G, dated February 10, 2014, filed with the Securities and Exchange Commission. Such report discloses that at December 31, 2013, Dimensional Fund Advisors LP possessed sole voting power and sole dispositive power with respect to 2,453,654 and 2,517,340 shares of Common Stock, respectively.

(g) Address is c/o Curtiss-Wright Corporation, 13925 Ballantyne Corporate Place, Suite 400, Charlotte, North Carolina 28277.

(h) Includes shares of Common Stock that the Named Executive Officers have the right to acquire through the exercise of stock options within 60 days of February 14, 2014 as follows: David C. Adams, 126,102; Martin R. Benante, 435,981; Michael J. Denton, 77,510; Thomas P. Quinly, 62,760; and Glenn E. Tynan, 118,908.

(i) Includes shares of time-based restricted Common Stock (granted under the Company's 2005 Long-Term Incentive Plan) that vest on the third anniversary of the date of grant as follows: David C. Adams, 91,857; Martin R. Benante, 49,700; Michael J. Denton, 13,287; Thomas P. Quinly, 46,520; and Glenn E. Tynan, 24,473.

(j) Includes shares of restricted Common Stock owned by the Directors as follows (and subject to forfeiture under the Company's 2005 Stock Plan for Non-Employee Directors): Dean M. Flatt, 4,586; Allen A. Kozinski, 3,694; John R. Myers, 3,714; John B. Nathman, 3,694; Robert J. Rivet, 1,040; and Albert E. Smith, 3,694.

(k) Share total rounded down to the next whole number of shares respecting fractional shares purchased pursuant to a broker dividend reinvestment plan.

(l) Includes shares of Common Stock as indicated in the preceding footnotes.

PROPOSAL TWO: RATIFICATION OF APPOINTMENT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee of the Board of Directors has appointed the firm of Deloitte & Touche LLP to act as the Company's independent registered public accounting firm for its fiscal year ending December 31, 2014, subject to the ratification by the Company's stockholders as required by the By-laws of the Company. The Board of Directors requests that stockholders ratify such appointment. If the stockholders fail to ratify the appointment of Deloitte & Touche LLP, our Audit Committee will appoint another independent registered public accounting firm to perform such duties for the current fiscal year and submit the name of such firm for ratification by our stockholders at the next Annual Meeting of stockholders.

Representatives of Deloitte & Touche LLP are expected to be present at the Annual Meeting to make such statements and answer such questions as are appropriate.

Ratification of the appointment of Deloitte & Touche LLP will require the affirmative vote of at least a majority in voting interest of the stockholders present in person or by proxy and voting at the Annual Meeting, assuming the presence of a quorum. As further discussed in the section titled *"Broker non-votes"* on page 2 of this Proxy Statement, if you own shares of Common Stock through a bank, broker or other holder of record and you do not instruct your bank, broker or other holder of record on how to vote on this "routine" proposal, your bank, broker or other holder of record will nevertheless have authority to vote your shares on this "routine" proposal in your banks', brokers' or other holders' of record discretion.

RECOMMENDATION OF THE BOARD OF DIRECTORS

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS RATIFICATION OF THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2014

Disclosure about Fees

The following table presents the aggregate fees billed by our independent registered public accountants, Deloitte & Touche LLP, and their respective affiliates for the audit of our annual financial statements for the calendar years ended December 31, 2013 and 2012, as well as other services provided during those periods:

	2013	2012
Audit Fees (a)	$4,275,000	$3,738,000
Audit-Related Fees (b)	$ 28,000	$1,112,000
Tax Fees (c)	$ 399,000	$ 167,000
All Other Fees (d)	$ 0	$ 0
Total	$4,702,000	$5,017,000

(a) Audit Fees consist of fees billed for services rendered for the annual audit of our consolidated financial statements, audit of the effectiveness of our internal controls over financial reporting as required by Section 404 of the Sarbanes-Oxley Act, review of condensed consolidated financial statements included in the Company's quarterly reports on Form 10-Q, and services that are normally provided in connection with statutory and regulatory filings or engagements.

(b) Audit-Related Fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of our consolidated financial statements that are not reported under the caption "Audit Fees". The fees for 2013 and 2012 relate to due diligence in connection with potential acquisitions and a pension plan audit for one of our subsidiaries.

(c) Tax Fees consist of fees billed for services rendered for tax compliance, tax advice, and tax planning. The fees for 2013 and 2012 relate principally to preparation of tax returns and other tax compliance services directly related to such returns.

(d) All Other Fees consist of fees billed for products and services other than fees as reported in the above three categories.

Pre-Approval Policy for Audit and Non-Audit Services

The Audit Committee has adopted a policy to pre-approve audit and permissible non-audit services provided by the independent accountants. The Audit Committee will consider annually and, if appropriate, approve the scope of the audit services to be performed during the fiscal year as outlined in an engagement letter proposed by the independent accountants. To facilitate the prompt handling of certain matters, the Audit Committee delegates to the Chief Financial Officer the authority to approve in advance all audit and non-audit services below $250,000 to be provided by the independent accountants so long as no individual service exceeds $50,000. For permissible non-audit services, we submit to the Audit Committee, at least quarterly, a list of services and a corresponding budget estimate that we recommend the Audit Committee engage the independent accountant to provide. We routinely inform the Audit Committee as to the extent of services provided by the independent accountants in accordance with this pre-approval policy and the fees incurred for the services performed to date. During fiscal year 2013, all of the Audit-Related Fees, Tax Fees, and All Other Fees in the table above were approved by the Audit Committee. The Company believes that none of the time expended on Deloitte & Touche LLP's engagement to audit the Company's financial statements for fiscal 2013 and 2012 was attributable to work performed by individuals other than Deloitte & Touche LLP's full-time, permanent employees.

PROPOSAL THREE: APPROVAL OF THE COMPANY'S 2014 OMNIBUS INCENTIVE PLAN

Background

On February 11, 2014, the Board of Directors, upon the recommendation of the Executive Compensation Committee, adopted the Curtiss-Wright Corporation 2014 Omnibus Incentive Plan (the "2014 Omnibus Plan"), subject to the approval of the stockholders at this Annual Meeting. The 2014 Omnibus Plan, if approved by the stockholders, will become effective upon such approval and will replace the Company's existing (i) 2005 Omnibus Long-Term Incentive Plan, as amended and restated effective January 1, 2010, and (ii) 2005 Stock Plan for Non-Employee Directors (together, the "Prior Plans"). Upon effectiveness of the 2014 Omnibus Plan, the Prior Plans will be frozen and no new grants will be made under the Prior Plans. All outstanding awards under the Prior Plans will continue to be governed by the terms of such Prior Plans. The Company will not grant any awards under the 2014 Omnibus Plan prior to stockholder approval.

Stockholder approval of the 2014 Omnibus Plan is required (i) for purposes of complying with the stockholder approval requirements for the listing of the Company's shares on the New York Stock Exchange, (ii) to comply with certain exclusions from the limitations of Section 162(m) of the Internal Revenue Code of 1986 ("the Code"), as described below, and (iii) to comply with the incentive stock options rules under Section 422 of the Code.

Approval of the 2014 Omnibus Plan will require the affirmative vote of at least a majority in voting interest of the stockholders present in person or by proxy (and eligible to vote) and voting at the Annual Meeting, assuming the presence of a quorum. As further discussed in the section titled *"Broker non-votes"* on page 2 of this Proxy Statement, if you own shares of Common Stock through a bank, broker or other holder of record, you must instruct your bank, broker or other holder of record how to vote in order for them to vote your shares of Common Stock so that your vote can be counted on this Proposal Three.

Purpose

The Board of Directors believes that the 2014 Omnibus Plan will further the Company's compensation philosophy and programs. The 2014 Omnibus Plan was primarily established to promote the long-term success of the Company and to increase stockholder value by providing eligible employees, officers, non-employee directors, consultants, and advisors of the Company with incentives that align their interests with stockholders' interests and that contribute to the long-term growth and profitability of the Company. In addition, the 2014 Omnibus Plan is intended to affect the Company's pay for performance philosophy that benefit the stockholders of the Company by providing a means to attract, retain and motivate highly qualified employees, officers, non-employee directors, consultants, and advisors who are in a position to make significant contributions to the Company.

Principal Features of the 2014 Omnibus Plan

The 2014 Omnibus Plan includes terms that reflect the Company's strong commitment to governance measures and plan design features considered important to stockholders. The following is a summary of certain principal features of the 2014 Omnibus Plan. This summary is qualified in its entirety by reference to the complete text of the 2014 Omnibus Plan. Stockholders are urged to read the complete text of the 2014 Omnibus Plan, which is attached as Appendix B to this Proxy Statement.

Purpose. The 2014 Omnibus Plan is designed to assist the Company and its subsidiaries in attracting and retaining selected individuals to serve as employees, directors, consultants and/or advisors who are expected to contribute to the Company's success and to achieve long-term objectives that will benefit stockholders of the Company through the additional incentives inherent in the awards granted thereunder.

Awards. Awards under the 2014 Omnibus Plan may be made in the form of stock options, stock appreciation rights, restricted stock, restricted stock units, other stock-based awards, and performance cash, performance shares or performance units to any employee, officer, non-employee director, consultant, and advisor of the Company or any of its subsidiaries who is expected to make significant contributions to the success of the Company and the growth of its business (an "Eligible Participant"). Eligible Participants will be identified by the Company's Executive Compensation Committee (the "Committee").

The Committee may, in its sole discretion, grant other types of awards, which awards may be payable in cash, stock, other property, or any combination thereof. Such awards may be paid in a lump sum or in installments or, in accordance with procedures established by the Committee, on a deferred basis subject to the requirements of Section 409A of the Code.

Shares Available for Awards. If this proposal is approved by the stockholders, subject to adjustment in accordance with the 2014 Omnibus Plan, the maximum aggregate number of shares of common stock that may be issued under the 2014 Omnibus Plan will be 2,400,000 less one share of common stock for every one share of common stock granted under any Prior Plan after December 31, 2013 and prior to the effective date of the 2014 Omnibus Plan. The foregoing limit will be increased on a one-for-one basis by the number of shares of common stock with respect to which awards previously granted under the 2014 Omnibus Plan or after December 31, 2013 with respect to any Prior Plan are forfeited, expire or otherwise terminate without issuance of shares, or are settled for cash or otherwise do not result in the issuance of shares. In addition, if shares of common stock are tendered or withheld to pay the exercise price of an award or to satisfy tax withholding obligations under the 2014 Omnibus Plan or after December 31, 2013 with respect to awards under any Prior Plan, the foregoing limit will also be increased by the shares so tendered or withheld on a one-for-one basis. Further, in the case of any substitute award (as defined in the 2014 Omnibus Plan), such substitute award will not be counted against the number of shares reserved under the 2014 Omnibus Plan.

The 2014 Omnibus Plan imposes individual limitations on the amount of certain awards, in part with the intent of complying with Section 162(m) of the Code. Under these limitations, during any 12-month period, no Eligible Participant may be granted (x) stock options or stock appreciation rights with respect to more than 2,000,000 shares of common stock and (y) shares of restricted stock, restricted stock units, performance awards and other share-based awards with respect to more than 2,000,000 shares of commons stock, in each case, subject to adjustment in certain circumstances as discussed under "Adjustments" below. The maximum amount that may be paid out as performance awards and denominated in cash with respect to any 12-month period is $5,000,000. Each of these limitations will be multiplied by two (2) with respect to awards granted to an Eligible Participant during the first calendar year in which such Eligible Participant commences employment with the Company or any of its subsidiaries.

No director may be granted awards in any single year having an aggregate grant date fair value greater than $150,000; provided that this limitation will not exceed $250,000 in the first year a person becomes a director (other than awards described under "Deferral of Director Fees" below).

Eligible Participants. Generally, any employee, non-employee director, consultant, or advisor of the Company or any subsidiary is eligible to participate in the 2014 Omnibus Plan.

Administration of the 2014 Omnibus Plan.

Committee. The 2014 Omnibus Plan will be administered by the Committee.

Delegation of Authority. To the extent not inconsistent with applicable law, including Section 162(m) of the Code, with respect to awards intended to comply with the performance-based compensation exception under Section 162(m) of the Code, or the rules and regulations of the principal U.S. national securities exchange on which the shares are traded, and subject to certain limitations, the Committee may delegate its authority under the 2014 Omnibus Plan to a committee of one or more directors of the Company or one or more officers of the Company.

Awards of Stock Options.

The Committee may grant stock options under the 2014 Omnibus Plan to Eligible Participants for the purchase of such number of shares at such times, and upon such terms and conditions, as the Committee may determine.

Types of Options. Each option granted under the 2014 Omnibus Plan will be either an option intended to be treated as an incentive stock option within the meaning of Section 422 of the Code or an option that will not be treated as an incentive stock option, also known as a "nonqualified stock option".

Exercise Price. Generally, both incentive stock options and nonqualified stock options will have an exercise price equal to not less than 100% of the fair market value (generally the closing price of the common stock on the New York Stock Exchange) of common stock on the date of grant. The price at which shares may be purchased upon any exercise of an option will be the price per share determined by the Committee and specified in the instrument evidencing the grant of such option. The Committee may not (except pursuant to substitute awards, adjustment in certain circumstances as discussed under "Adjustments" below, or in connection with a change in control), without stockholder approval, cancel an option in exchange for cash when the exercise per share exceeds the fair market value of one share or take any action with respect to an option or that would be treated as a repricing under the rules and regulations of the principal securities exchange on which the shares are traded.

Term of Options. Generally, the term during which an option may be exercised will be such period of time as the Committee may determine, but not exceeding ten (10) years from the date of grant of the option.

Vesting of Options. Unless otherwise provided in an award agreement, any option will vest and become exercisable as to 33-1/3% of the shares subject thereto on each of the first three anniversaries of the date the option is granted, in each case so long as the Eligible Participant continues to be employed by or provide services to the Company or any of its subsidiaries on the relevant vesting date.

Exercise of Options. Subject to the terms and conditions of the award, vested stock options may be exercised, in whole or in part, by giving notice of exercise to the Company in such manner as may be prescribed and payment in full of the exercise price in cash or by use of such other instrument as the Committee may agree to accept. Payment in full may be made in the form of common stock already owned by the Eligible Participant, which common stock will be valued at fair market value on the date the option is exercised. The Committee will have the discretion to authorize or accept payment by other forms or methods or to establish a cashless exercise program, all within such limitations as may be imposed by the 2014 Omnibus Plan or applicable law.

Awards of Stock Appreciation Rights.

A stock appreciation right or "SAR" is an award that entitles an Eligible Participant to receive an amount of cash, shares, other property, or any combination thereof measured by the increase in fair market value of common stock from the date of grant to the date of exercise.

Terms of SARs. SARs may be granted (a) in tandem with all or part of any option granted under the 2014 Omnibus Plan or at any subsequent time during the term of such option, (b) in tandem with all or part of any award (other than an option) granted under the 2014 Omnibus Plan or at any subsequent time during the term of such award, or (c) without regard to any option or other award in each case upon such terms and conditions as the Committee may establish in its sole discretion.

Vesting of SARs. SARs will vest and become exercisable as to 33-1/3% of such SARs on each of the first three anniversaries of the date the SARs are granted, in each case so long as the Eligible Participant continues to be employed by or provide services to the Company or any of its subsidiaries on the relevant vesting date.

Exercise of SARs. SARs may be exercised at the time, to the extent of and subject to the conditions applicable to the award. The amount paid to the Eligible Participant upon the exercise of an SAR will be the excess of (i) the fair market value of one share on the date of exercise (or such amount less than such fair market value as the Committee will so determine at any time during a specified period before the date of exercise) over (ii) the grant price of the SAR. The Committee may not (except pursuant to substitute awards, adjustment in certain circumstances as discussed under "Adjustments" below, or in connection with a change in control), without stockholder approval, cancel any SAR in exchange for cash when the grant per share exceeds the fair market value of one share or take any action with respect to an SAR or that would be treated as a repricing under the rules and regulations of the principal securities exchange on which the shares are traded.

Awards of Restricted Stock and Restricted Stock Units.

Restricted Stock. Restricted Stock is common stock issued with the restriction that the holder may not sell, transfer, pledge or assign such stock and with such other restrictions as the Committee, in its sole discretion, may impose, which restrictions may lapse separately or in combination at such time or times, in installments or otherwise, as the Committee may deem appropriate. During the time Restricted Stock remains subject to the relevant restrictions, the Eligible Participant will become a stockholder of the Company with respect to all shares subject to the award agreement and will have all of the rights of a stockholder, including the right to vote such shares and the right to receive distributions made with respect to such shares (except as provided under "Dividends and Dividend Equivalents" below).

Restricted Stock Units. Restricted Stock Unit is an award that is valued by reference to a share, which value may be paid to the Eligible Participant in shares or cash as determined by the Committee in its sole discretion upon the satisfaction of vesting restrictions as the Committee may establish, which restrictions may lapse separately or in combination at such time or times, in installments or otherwise, as the Committee may deem appropriate. An Eligible Participant who holds a Restricted Stock Unit award will only have those rights specifically provided for in the award agreement; provided, however, in no event will the Eligible Participant have voting rights with respect to such award.

Vesting of Restricted Stock and Restricted Stock Units. Generally, subject to certain exceptions, the vesting period will not be less than (i) three (3) years from the date of grant (but permitting pro rata vesting over such time) if subject only to continued service with the Company or any subsidiary and (ii) one (1) year from the date of grant if subject to the achievement of performance objectives, subject in either case to accelerated vesting in the Committee's discretion in the event of a change in control or the termination of the Eligible Participant's service with the Company or any of its subsidiaries.

Other Share-Based Awards.

Types of Other Share-Based Awards. Other awards of shares and other awards that are valued in whole or in part by reference to, or are otherwise based on, shares or other property ("Other Share-Based Awards"), including deferred stock units, may be granted to Eligible Participants either alone or in addition to other awards granted under the 2014 Omnibus Plan.

Vesting of Other Share-Based Awards. Generally, subject to certain exceptions, Other Share-Based Awards will have a vesting period of not less than (i) three (3) years from date of grant (but permitting pro rata vesting over such time) if subject only to continued service with the Company or a subsidiary and (ii) one (1) year from the date of grant if subject to the achievement of performance objectives, subject in either case to accelerated vesting in the Committee's discretion in the event of a change in control or the termination of the Eligible Participant's service with the Company or any of its subsidiaries.

Settlement of Other Share-Based Awards. Except as may be provided in an award agreement, Other Share-Based Awards may be paid in cash, shares, other property, or any combination thereof, in the sole discretion of the Committee. Other Share-Based Awards may be paid in a lump sum or in installments or, in accordance with procedures established by the Committee, on a deferred basis subject to the requirements of Section 409A of the Code.

Deferral of Director Fees. Non-employee directors will be eligible to elect to defer their fees or retainers and receive Other Share-Based Awards in the form of deferred stock units or deferred cash in lieu of all or a portion of their annual retainer, any chairman retainer, or meeting fees. In addition, non-employee directors may elect to receive Other Share-Based Awards in the form of deferred stock units or deferred cash in lieu of all or a portion of their annual and committee retainers and annual meeting fees, provided that such election is made in accordance with the requirements of Section 409A of the Code. The Committee will, in its absolute discretion, establish such rules and procedures as it deems appropriate for such elections and for payment in deferred stock units or cash.

Performance Awards.

General. Performance Awards may be granted in the form of Performance Cash, Performance Shares or Performance Units, as determined by the Committee in its sole discretion, for no consideration or for such minimum consideration as may be required by applicable law, either alone or in addition to other awards granted under the 2014 Omnibus Plan.

Performance Cash. Performance Cash is any cash incentives granted payable to the Eligible Participant upon the achievement of such performance goals as the Committee will establish.

Performance Shares. Performance Shares is any grant of a unit valued by reference to a designated number of shares, which value may be paid to the Eligible Participant upon achievement of such performance goals as the Committee will establish.

Performance Units. Performance Units is any grant of a unit valued by reference to a designated amount of cash or property other than shares, which value may be paid to the Eligible Participant upon achievement of such performance goals during the performance period as the Committee will establish.

Vesting of Performance Awards. The performance criteria to be achieved during any performance period and the length of the performance period will be determined by the Committee upon the grant of each performance award; provided, however, that a performance period will not be shorter than three years nor longer than five years unless the award is not payable in shares.

Settlement of Performance Awards. Except as may be provided in an award agreement, performance awards may be paid in cash, shares, other property, or any combination thereof, in the sole discretion of the Committee. Performance Awards may be paid in a lump sum or in installments following the close of the performance period or, in accordance with procedures established by the Committee, on a deferred basis subject to the requirements of Section 409A of the Code.

Dividends and Dividend Equivalents. Any dividends or dividend equivalents provided with respect to Performance Awards or Restricted Stock, Restricted Stock Unit or Other Share-Based Awards that are subject to the attainment of performance goals will be subject to the same restrictions and risk of forfeiture as the underlying awards.

Change in Control.

Except as otherwise specifically provided in the applicable award agreement, upon the consummation of a change in control (as defined in the 2014 Omnibus Plan), in which the successor company assumes or substitutes for an Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award or Other Share-Based Award (or in which the Company is the ultimate parent corporation and continues the award), if an Eligible Participant's employment with such successor company (or the Company) or a subsidiary thereof terminates within 24 months following such change in control (or such other period set forth in the award agreement, including prior thereto if applicable) and under the circumstances specified in the award agreement: (i) Options and Stock Appreciation Rights outstanding as of the date of such termination of employment will immediately vest, become fully exercisable, and may thereafter be exercised for 24 months (or the period of time set forth in the award agreement), (ii) the restrictions, limitations and other conditions applicable to Restricted Stock and Restricted Stock Units outstanding as of the date of such termination of employment will lapse and the Restricted Stock and Restricted Stock Units will become free of all restrictions, limitations and conditions and become fully vested, and (iii) the restrictions, limitations and other conditions applicable to any Other Share-Based Awards will lapse, and such Other Share-Based Awards will become free of all restrictions, limitations and conditions and become fully vested and transferable to the full extent of the original grant. To the extent the successor company does not assume or substitute for an Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award or Other Share-Based Award (or in which the Company is the ultimate parent corporation and does not continue the award), then immediately prior to the change in control: (i) those Options and Stock Appreciation Rights outstanding as of the date of the Change in Control that are not assumed or substituted for (or continued) will immediately vest and become fully exercisable, (ii) restrictions, limitations and other conditions applicable to Restricted Stock and Restricted Stock Units that are not assumed or substituted for (or continued) will lapse and the Restricted Stock and Restricted Stock Units will become free of all restrictions, limitations and conditions and become fully vested, and (iii) the restrictions, other limitations and other conditions applicable to any Other Share-Based Awards or any other Awards that are not assumed or substituted for (or continued) will lapse, and such Other Share-Based Awards or such other Awards will become free of all restrictions, limitations and conditions and become fully vested and transferable to the full extent of the original grant.

Term of 2014 Omnibus Plan. The 2014 Omnibus Plan will be effective on the date of the approval of the 2014 Omnibus Plan by the holders of the shares entitled to vote at a duly constituted meeting of the stockholders of the Company. Awards may be granted under the 2014 Omnibus Plan at any time and from time to time on or prior to the tenth anniversary of the effective date of the 2014 Omnibus Plan, on which date the 2014 Omnibus Plan will expire except as to awards then outstanding under the 2014 Omnibus Plan. Such outstanding awards will remain in effect until they have been exercised or terminated, or have expired.

Adjustments. In the event of any merger, reorganization, consolidation, recapitalization, dividend or distribution (whether in cash, shares or other property, other than a regular cash dividend), stock split, reverse stock split, spin-off or similar transaction or other change in corporate structure affecting the shares or the value thereof, such adjustments and other substitutions will be made to the 2014 Omnibus Plan and to awards in a manner the Committee deems equitable or appropriate taking into consideration the accounting and tax consequences, including adjustments in the number and class of shares of stock available for awards under the 2014 Omnibus Plan, the number, class and exercise or grant price of shares subject to awards outstanding under the 2014 Omnibus Plan, and the limits on the number of awards that any person may receive.

Cancellation of Award; Forfeiture of Gain. The Committee reserves the right to cancel all or any portion of any outstanding awards and cause a forfeiture of the gain realized by an Eligible Participant with respect to an award on account of a restatement of the Company's financial statements or actions taken by, or failed to be taken by, the Eligible Participant in violation or breach of, or in conflict with, any non-competition agreement, agreement prohibiting solicitation of employees or customers of the Company, non-disclosure covenant, or other agreement or any other obligation of the Eligible Participant to the Company.

2014 Omnibus Plan Amendment and Termination. Generally, the Board may, at any time, alter, amend, suspend or terminate the 2014 Omnibus Plan as it shall deem advisable, subject to any requirement for stockholder approval imposed by applicable law, including the rules and regulations of the principal U.S. national securities exchange on which the shares are traded. The Board may not (except pursuant to substitute awards, adjustment in certain circumstances as discussed under "Adjustments" above), without the approval of the Company's stockholders, cancel an Option or Stock Appreciation Right in exchange for cash when the exercise or grant price per share exceeds the fair market value of one share or take any action with respect to an Option or Stock Appreciation Right that would be treated as a repricing under the rules and regulations of the principal securities exchange on which the shares are traded. In addition, no amendments to, or termination of, the 2014 Omnibus Plan will impair the rights of an Eligible Participant in any material respect under any award previously granted without such Eligible Participant's consent.

Section 409A Compliance. The 2014 Omnibus Plan is designed to comply and will be administered in a manner that is intended to comply with Section 409A of the Code and will be construed and interpreted in accordance with such intent. To the extent that an award or the payment, settlement or deferral thereof is subject to Section 409A of the Code, the award will be granted, paid, settled or deferred in a manner that will comply with Section 409A of the Code, including regulations or other guidance issued with respect thereto, except as otherwise determined by the Committee.

Code Section 162(m) Provisions. Section 162(m) of the Code generally provides that no federal income tax business expense deduction is allowed for annual compensation in excess of $1 million paid by a publicly-held company to its principal executive officer or any of its three other most highly compensated officers (excluding the principal financial officer), as determined in accordance with applicable rules under the Exchange Act, who are referred to as "covered employees." However, performance-based compensation is excluded from this limitation. The 2014 Omnibus Plan is designed to permit the Committee to grant awards that qualify as performance-based for purposes of satisfying the conditions of Code Section 162(m).

Under the 2014 Omnibus Plan, the Committee may condition the grant, vesting and/or exercisability of any Restricted Stock, Restricted Stock Unit, Performance Award, or Other Share-Based Award, upon the attainment of performance targets related to one or more performance goals over a performance period selected by the Committee. The 2014 Omnibus Plan sets forth the performance goals the Committee may select. The Committee may reduce any award below the maximum amount that could be paid based on the degree to which the performance targets related to such award were attained. However, the Committee may not increase any award that is intended to satisfy the Code Section 162(m) exception for "qualified performance-based compensation" above the maximum amount that could be paid based on the attainment of performance targets.

The applicable performance goals (and any exclusions) will (i) be set by the Committee prior to the earlier of (i) 90 days after the commencement of the applicable performance period and the expiration of 25% of the performance period, and (ii) otherwise comply with the requirements of, Section 162(m) of the Code and the regulations thereunder.

Transfer Restrictions. The rights of an Eligible Participant with respect to any award granted under the 2014 Omnibus Plan will be exercisable during the Eligible Participant's lifetime only by the Eligible Participant and will not be transferable by the Eligible Participant other than by will or the laws of descent and distribution. The Committee may, however, permit transferability without consideration to certain family members, family trusts, or other family-owned entities, or for charitable donations, subject to any conditions and limitations that it imposes.

U.S. Federal Income Tax Consequences. The following is a brief summary of certain U.S. federal income tax consequences of awards made under the 2014 Omnibus Plan based upon the laws in effect on the date of this Proxy Statement. The discussion is general in nature and does not take into account a number of considerations that may apply in light of the circumstances of a particular Eligible Participant under the 2014 Omnibus Plan. The income tax consequences under applicable state, local tax or foreign income tax laws may not be the same as those under U.S. federal income tax laws. Each Eligible Participant should consult his or her tax adviser as to the Federal, state, local, foreign, and other tax consequences of the grant or exercise of an award or the disposition of stock acquired as a result of an award.

<u>Incentive Stock Options</u>. The grant of an incentive stock option will not be a taxable event for the Eligible Participant or for the Company. In addition, an Eligible Participant generally will not recognize taxable income upon exercise of an incentive stock option. An Eligible Participant's alternative minimum taxable income, however, will be increased by the amount by which the aggregate fair market value of shares of common stock underlying the option, which is generally determined as of the date of exercise, exceeds the aggregate exercise price of the option. Any gain realized upon a disposition of the common stock received pursuant to the exercise of an incentive stock option will be taxed as long-term capital gain if the participant holds the shares of common stock for at least two years after the date of grant and for one year after the date of exercise (the "holding period requirement"). The Company will not be entitled to any income tax deduction with respect to the exercise of an incentive stock option, except as discussed below.

If all of the foregoing requirements are met except the holding period requirement mentioned above, the Eligible Participant will recognize ordinary income upon the disposition of the common stock in an amount generally equal to the excess of the fair market value of the common stock at the time the incentive stock option was exercised over the option exercise price (but not in excess of the gain realized on the sale). The balance of the realized gain, if any, will be capital gain. The Company will be allowed an income tax deduction to the extent the Eligible Participant recognizes ordinary income, subject to the Company's compliance with Code Section 162(m) and to certain reporting requirements.

Nonqualified Stock Options. The grant of a nonqualified stock option will not be a taxable event for the Eligible Participant or the Company. Upon exercising a nonqualified stock option, an Eligible Participant will recognize ordinary income (and will be subject to income tax withholding) in an amount equal to the difference between the exercise price and the fair market value of the common stock on the date of exercise. Upon a subsequent sale or exchange of shares acquired pursuant to the exercise of a nonqualified stock option, the Eligible Participant will have taxable capital gain or loss, measured by the difference between the amount realized on the disposition and the tax basis of the shares of common stock (generally, the amount paid for the shares plus the amount treated as ordinary income at the time the option was exercised). If the Company complies with applicable reporting requirements and with the restrictions of Code Section 162(m), the Company will be entitled to an income tax deduction in the same amount and generally at the same time as the Eligible Participant recognizes ordinary income.

Stock Appreciation Rights. The grant of a SAR will not be a taxable event for the Eligible Participant or the Company. Upon exercising a SAR, an Eligible Participant will recognize ordinary income (and will be subject to income tax withholding) in an amount equal to the fair market value of the common stock and the value of cash (if the SARs are settled in whole or in part in cash) received by the Eligible Participant. If the Company complies with applicable reporting requirements and with the restrictions of Code Section 162(m), the Company will be entitled to an income tax deduction in the same amount and generally at the same time as the Eligible Participant recognizes ordinary income.

Restricted Stock. An Eligible Participant who is awarded restricted stock will not recognize any taxable income for U.S. federal income tax purposes in the year of the award, provided that the shares of common stock are subject to restrictions (that is, the restricted stock is nontransferable and subject to a substantial risk of forfeiture). However, the Eligible Participant may elect under Code Section 83(b) to recognize compensation income (and will be subject to income tax withholding) in the year of the award in an amount equal to the fair market value of the common stock on the date of the award (less the purchase price, if any), determined without regard to the restrictions. If the Eligible Participant does not make such a Section 83(b) election, the fair market value of the common stock on the date the restrictions lapse (less the purchase price, if any) will be treated as compensation income to the Eligible Participant and will be taxable (and will be subject to income tax withholding) in the year the restrictions lapse and dividends paid while the common stock is subject to restrictions will be subject to withholding taxes. If the Company complies with applicable reporting requirements and with the restrictions of Code Section 162(m), the Company will be entitled to an income tax deduction in the same amount and generally at the same time as the Eligible Participant recognizes ordinary income.

Restricted Stock Units and Performance Awards. The grant of an award of Restricted Stock Units or a Performance Award will not be a taxable event for the Eligible Participant or the Company. An Eligible Participant who is awarded Restricted Stock Units or a Performance Award will be required to recognize ordinary income (and will be subject to income tax withholding) in an amount equal to the fair market value of shares of the common stock and the value of the cash (if the Restricted Stock Units or Performance Award are settled in whole or in part in cash) issued to such Eligible Participant at the end of the restriction period or, if later, the payment date. If the Company complies with applicable reporting requirements and with the restrictions of Code Section 162(m), the Company will be entitled to an income tax deduction in the same amount and generally at the same time as the Eligible Participant recognizes ordinary income.

Other Share-Based Awards. The grant of Other Share-Based Awards will not be a taxable event for the Eligible Participant. When the conditions and requirements for the grants have been satisfied and the payment determined, any cash received and the fair market value of any common stock received will constitute ordinary income to the Eligible Participant.

New Plan Benefits. All awards under the 2014 Omnibus Plan will be approved by the Committee or its designee, in its sole discretion. For this reason, it is not possible to determine the benefits or amounts of the awards that will be received by any Eligible Participant in the future under the 2014 Omnibus Plan. No awards have yet been granted under the 2014 Omnibus Plan.

Securities Authorized For Issuance Under Equity Compensation Plans

The following table sets forth information regarding the Company's equity compensation plans as of December 31, 2013, the end of the Company's most recently completed fiscal year:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants, and rights	Weighted average exercise price of outstanding options, warrants, and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by security holders	3,184,313 (a)	$34.68	2,540,731 (b)
Equity compensation plans not approved by security holders	None	Not applicable	Not applicable

(a) Consists of 3,007,702 shares issuable upon exercise of outstanding options and vesting of performance shares, restricted shares, and restricted stock units under the 2005 Long-Term Incentive Plan, 82,846 shares issuable under the Employee Stock Purchase Plan, and 93,765 shares outstanding under the 2005 Stock Plan for Non-Employee Directors.

(b) Consists of 1,710,472 shares available for future option grants under the 2005 Long-Term Incentive Plan, 828,168 shares remaining available for issuance under the Employee Stock Purchase Plan, and 2,091 shares remaining available for issuance under the 2005 Stock Plan for Non-Employee Directors

RECOMMENDATION OF THE BOARD OF DIRECTORS

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS APPROVAL OF THE COMPANY'S 2014 OMNIBUS INCENTIVE PLAN

PROPOSAL FOUR: ADVISORY (NON-BINDING) VOTE ON EXECUTIVE COMPENSATION

Overview

The Board of Directors is committed to excellence in governance. As part of that commitment, and as required by Section 14A(a)(1) of the Securities Exchange Act of 1934, as amended, the Board of Directors is providing the stockholders with an opportunity to provide an advisory vote on executive compensation (commonly known as a "say on pay" proposal). The Board of Directors recognizes that providing stockholders with an advisory vote on executive compensation may produce useful information on investor sentiment with regard to the Company's executive compensation programs. At the 2013 Annual Meeting of stockholders, approximately 78% of the shares voted in favor of the advisory resolution concerning the compensation of the Named Executive Officers. The Company's next Say on Pay vote after this annual meeting will occur at the 2015 Annual Meeting of stockholders. The Company will continue to hold this vote annually until another vote on frequency occurs, which will be no later than the 2017 Annual Meeting of stockholders. The Company's executive compensation program and practices are fully described in the "Compensation Discussion and Analysis" section and other table and narrative disclosures in this Proxy Statement.

Compensation Process and Objectives

In the latter half of 2012 and early 2013, the Executive Compensation Committee met frequently with Farient Advisors, LLC (the Executive Compensation Committee's independent external executive compensation consultant) and management to consider further improvements in the executive compensation plan design and philosophy for 2013. In doing so, the Committee reviewed the Company's performance relative to plan and peers, the compensation practices of its peers, competitive data provided by Farient Advisors, as well as shareholder input. The Executive Compensation Committee repeated this process in 2013 and early 2014, and has made additional changes to the executive pay programs for 2014. Based on these reviews, the Executive Compensation Committee decided to implement a number of changes to the compensation program for executives in 2013 and 2014 that continues to achieve the following compensation philosophy and objectives:

- Offer an executive compensation program that is competitive and that helps the Company attract, motivate and retain top performing executives;

- Target pay levels at 50th percentile of comparable companies within the Company's broad industries for 50th percentile performance;
- Link compensation to performance through a pay-for-performance philosophy that includes a significant portion of the named executive officers compensation tied to achievement of strategic financial goals; and
- Align the interests of the Company's executive officers and stockholders through equity-based compensation and stock ownership guidelines. A significant portion of the Company's equity-based compensation is variable, based on defined performance goals linked to the Company's corporate strategy with an emphasis on relative total stockholder return.

Significant Executive Compensation Actions

The table below sets forth the changes in 2013 and 2014 to the executive compensation practices adopted by the Board of Directors. As in 2013, management reached out to the Company's 20 largest shareholders to review this year's changes to the Company's executive compensation program.

Pay Element	Changes in 2013	Changes for 2014	Rationale
Pay Positioning	• Target pay at 50th percentile – NEOs MICP/LTI targets reduced accordingly	• No change from 2013	• Better pay for performance alignment
MICP	• 80% Financial Measures – AOI vs. target – Operating CF vs. target • 20% Individual MBOs	• 80% Financial Measures – AOI vs. target – AOI Margin vs. target – Working Capital (% of Sales) vs. target • 20% Individual MBOs	• Adding OI margin emphasizes strategic focus on operational excellence and overall margin improvement • Substituting working capital for operating CF increases focus on key driver of operating CF • Measuring at CW level simplifies MICP program and supports team outcomes
LTI Mix	• 0% Options • 30% RSUs • 40% PSUs • 30% Cash-Based PU	• No change from 2013	• 70% of LTI mix is now directly performance-based • 40% is directly tied to shareholder value
PSU Measures	• 100% TSR vs. peers	• No change to TSR measure • Threshold payout changed to 25% of target (from 50%) for 25th percentile performance • Maximum performance goal changed to 75th percentile (from 90th percentile) for 200% payout	• Relative TSR works well and is aligned with shareholders • Lower threshold payout for 25th percentile performance more consistent with peer practices • Lower maximum performance goals for 200% payout more consistent with peer practices
Cash PU Measures	• 50% RONA vs. target • 50% Sales Growth vs. target • Corporate officers measured at CW level, BU officers at BU level	• 50% ROIC vs. target • 50% Sales Growth vs. target • Financial performance for all officers except COO measured at CW level; COO measured at BU level	• ROIC measure is readily understood and easily tracked by investors
Other	• Prior CEO, Mr. Benante voluntarily forfeited single-trigger CIC provision in 2012 • Eliminated future CIC agreements with excise tax gross-ups in 2012 • Commitment to keep burn rate close to 2%	• New CEO has double-trigger CIC provision • No change from 2013	• Consistent with current "good governances" practices for severance/CIC • Desire to control dilution

Because the Company awards its long-term incentives in November, the actions discussed in the above table relate to the setting of the November 2013 grant date award, which covers the performance period January 1, 2014 to December 31, 2016. Other actions, such as changes to the annual incentive plan, relate to the 2014 performance period and are not reflected in 2013's annual incentive compensation payments.

The changes made to the executive compensation program were implemented on a prospective basis, effective November 2013. Because the changes are prospective, and not retrospective, the changes do not affect awards made in previous years. Incentive compensation awards granted on or after November 2013 are based on Company performance starting in 2014 and subsequent years, as applicable. Therefore, the total compensation amounts shown in the Summary Compensation Table in this Proxy Statement include amounts not only for the new equity grants (to be paid as earned in the future), but also for cash payouts of awards made under the prior executive compensation program, which represent the majority of the total amounts shown in that table. This is pointed out to underscore the fact that the current and future executive compensation program is much different than the one prior to 2013, but the amounts reported still reflect certain cash payouts made under the prior program, which were based largely on attainment of aggressive internal growth and ROIC performance goals

The Board recommends that stockholders support this new compensation program since it is responsive to stockholder feedback and meets the compensation objectives of the Company, by voting on the following resolution:

> "RESOLVED, that the stockholders of Curtiss-Wright Corporation approve, on an advisory basis, the compensation paid to the Company's Named Executive Officers, as disclosed in the Proxy Statement for the 2014 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the Summary Compensation Table, and the related compensation tables and accompanying narrative disclosure therein."

This vote is advisory, and therefore not binding on the Company, the Executive Compensation Committee or the Board of Directors. It will not overrule any decisions made by the Board of Directors or the Executive Compensation Committee, or require the Board of Directors or the Executive Compensation Committee to take any specific action. The Board of Directors and the Executive Compensation Committee value the opinions of the stockholders and to the extent there is any significant vote against the Named Executive Officer compensation as disclosed in this Proxy Statement, the Board of Directors will consider the stockholder concerns and the Executive Compensation Committee will evaluate whether any actions are necessary to address those concerns.

Adoption of this resolution will require the affirmative vote of at least a majority in voting interest of the stockholders present in person or by proxy (and eligible to vote) and voting at the Annual Meeting, assuming the presence of a quorum. As further discussed in the section titled *"Broker non-votes"* on page 2 of this Proxy Statement, if you own shares of Common Stock through a bank, broker or other holder of record, you must instruct your bank, broker or other holder of record how to vote in order for them to vote your shares of Common Stock so that your vote can be counted on this Proposal Four.

RECOMMENDATION OF THE BOARD OF DIRECTORS

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" APPROVAL OF THE COMPENSATION OF THE NAMED EXECUTIVE OFFICERS, AS DISCLOSED IN THIS PROXY STATEMENT

HOUSEHOLDING OF ANNUAL DISCLOSURE DOCUMENTS

The SEC has adopted rules governing the delivery of annual disclosure documents that permit us to send a single set of our Notice of Internet Availability of Proxy Materials, and for those stockholders that received a paper copy of the proxy materials in the mail, a single set of our annual report and proxy statement, to any household at which two or more stockholders reside if we believe that the stockholders are members of the same family, unless we have received contrary instructions from one or more of the stockholders. This rule benefits both stockholders and the Company. It reduces the volume of duplicate information received and helps to reduce our expenses. Each stockholder will continue to receive a separate proxy card if they received a paper copy of the proxy materials in the mail. If your household received a single set of such disclosure documents for this year, but you would prefer to receive your own copy now or in the future, please contact our transfer agent, Broadridge Financial Solutions, Inc., by calling their toll-free number, 1-800-542-1061, or writing to Broadridge Financial Solutions, Inc., Householding Department, 51 Mercedes Way, Edgewood, New York 11717. A separate copy of such disclosure documents will be promptly provided to you upon receipt of your request. Stockholders sharing an address who are receiving multiple copies of the Notice of Internet Availability of Proxy Materials or our proxy statement and annual report, as applicable, and who wish to receive a single copy of such materials in the future, please contact Broadridge Financial Solutions, Inc. as indicated above.

DEADLINE FOR RECEIPT OF STOCKHOLDER PROPOSALS FOR 2015 ANNUAL MEETING

Pursuant to regulations of the SEC, stockholders who intend to submit proposals for inclusion in our proxy materials for the 2015 Annual Meeting must do so no later than November 29, 2014. This requirement is separate from the SEC's other requirements that must be met to have a stockholder proposal included in our proxy statement. In addition, this requirement is independent of certain other notice requirements of our Amended and Restated By-laws described below. All stockholder proposals and notices should be submitted to Corporate Secretary, Curtiss-Wright Corporation, 13925 Ballantyne Corporate Place, Suite 400, Charlotte, North Carolina 28277. The attached proxy card grants the proxy holder discretionary authority to vote on any matter raised and presented at the Annual Meeting. Pursuant to amended SEC Rule 14a-4(c)(1), we will exercise discretionary voting authority to the extent conferred by proxy with respect to stockholder proposals received after February 12, 2015.

If a stockholder of record wishes to nominate Directors or bring other business to be considered by stockholders at the 2015 Annual Meeting, such proposals may only be made in accordance with the following procedure. Under our current Amended and Restated By-laws, nominations of Directors or other proposals by stockholders must be made in writing to our offices no later than February 2, 2015 and no earlier than January 3, 2015. However, if the date of the 2015 Annual Meeting is advanced by more than 30 days or delayed by more than 70 days from the anniversary date of the 2014 Annual Meeting, then such nominations and proposals must be delivered in writing to the Company no earlier than 120 days prior to the 2015 Annual Meeting and no later than the close of business on the later of (i) the 90th day prior to the 2015 Annual Meeting, or (ii) the 10th day following the day on which public announcement of the date of the 2015 Annual Meeting is first made.

Please note that these requirements relate only to matters proposed to be considered for the 2015 Annual Meeting. They are separate from the SEC's requirements to have stockholder proposals included in the Company's 2015 proxy statement.

2013 ANNUAL REPORT ON FORM 10-K

Any stockholder wishing to receive, without charge, a copy of the Company's 2013 Annual Report on Form 10-K (without exhibits) filed with the SEC, should write to the Corporate Secretary, Curtiss-Wright Corporation, 13925 Ballantyne Corporate Place, Suite 400, Charlotte, North Carolina 28277. Exhibits to the Form 10-K will be furnished upon written request and payment of the Company's expenses in furnishing such documents. The Company's 2013 Annual Report on Form 10-K is also available free of charge through the Investor Relations section of the Company's website at *www.curtisswright.com.*

OTHER MATTERS WHICH MAY BE PRESENTED FOR ACTION AT THE MEETING

The Board of Directors does not intend to present for action at this Annual Meeting any matter other than those specifically set forth in the Notice of Annual Meeting. If any other matter is properly presented for action at the Annual Meeting, it is the intention of persons named in the proxy to vote thereon in accordance with their judgment pursuant to the discretionary authority conferred by the proxy.

By Order of the Board of Directors

Paul J. Ferdenzi
Corporate Secretary

Dated: March 21, 2014

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on Friday, May 2, 2014. A combined Notice and Proxy Statement/2013 Annual Report on Form 10-K and Business Review to security holders are available at: www.proxyvote.com

M68080-P49612

CURTISS-WRIGHT CORPORATION
Annual Meeting of Stockholders
May 2, 2014 10:00 AM
This proxy is solicited by the Board of Directors

The undersigned hereby constitutes and appoints DAVID C. ADAMS, GLENN E. TYNAN and PAUL J. FERDENZI, and each of them, as proxies of the undersigned, with full power to appoint his substitute, and authorizes each of them to represent and to vote all shares of common stock, par value $1.00 per share, of Curtiss-Wright Corporation (the "Company") which the undersigned is entitled to vote at the Annual Meeting of Stockholders (the "Annual Meeting") to be held on Friday, May 2, 2014, at the Sheraton Parsippany Hotel, 199 Smith Road, Parsippany, New Jersey 07054, commencing at 10:00 a.m. local time, or any adjournment or postponement thereof, with all the powers the undersigned would have if personally present, respecting the matters listed on the reverse side as described in the accompanying proxy statement and, in their discretion, on other matters which may properly come before the meeting. When properly executed, this proxy will be voted in the manner directed herein by the undersigned stockholder(s).

If no direction is given, this proxy will be voted FOR the Director nominees listed in Proposal One; and FOR Proposals Two, Three and Four. In their discretion, the proxies are each authorized to vote upon such other business as may properly come before the Annual Meeting and any adjournments or postponements thereof. A stockholder wishing to vote in accordance with the Board of Directors' recommendations need only sign and date this proxy and return it in the enclosed envelope.

The undersigned hereby acknowledge(s) receipt of a copy of the accompanying Notice of Annual Meeting of Stockholders, the proxy statement with respect thereto, the Company's 2013 Annual Report on Form 10-K filed with the Securities and Exchange Commission, and Business Review to Stockholders and hereby revoke(s) any proxy or proxies heretofore given. This proxy may be revoked at any time before it is exercised.

Address Changes/Comments: ____

____

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

Continued and to be signed on reverse side

CURTISS-WRIGHT

CURTISS-WRIGHT CORPORATION
C/O BROADRIDGE
P.O. BOX 1342
BRENTWOOD, NY 11717

SCAN TO
VIEW MATERIALS & VOTE

VOTE BY INTERNET - www.proxyvote.com or scan the QR Barcode above
Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

VOTE BY PHONE - 1-800-690-6903
Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL
Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

VOTE IN PERSON
You may vote these shares in person by attending the annual meeting. Directions to the meeting are available at www.proxyvote.com.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M68079-P49612

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

CURTISS-WRIGHT CORPORATION

The Board of Directors recommends you vote FOR the following:

	For All	Withhold All	For All Except
1. Election of Directors	☐	☐	☐

To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.

Nominees:

01) David C. Adams
02) Martin R. Benante
03) Dean M. Flatt
04) S. Marce Fuller
05) Allen A. Kozinski
06) John R. Myers
07) John B. Nathman
08) Robert J. Rivet
09) William W. Sihler
10) Albert E. Smith
11) Stuart W. Thorn

The Board of Directors recommends you vote FOR the following proposals:	**For**	**Against**	**Abstain**
2. To Ratify the Appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for 2014	☐	☐	☐
3. To approve the Company's 2014 Omnibus Incentive Plan	☐	☐	☐
4. An advisory (non-binding) vote on Executive Compensation	☐	☐	☐

NOTE: Such other business as may properly come before the meeting or any adjournment thereof.

For address changes and/or comments, please check this box and write them on the back where indicated. ☐

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE SIGN WITHIN BOX] Date

Signature (Joint Owners) Date

CURTISS-WRIGHT CORPORATION
2014 OMNIBUS INCENTIVE PLAN

Curtiss-Wright Corporation (the "Company"), a Delaware corporation, hereby establishes and adopts the following 2014 Omnibus Incentive Plan (the "Plan").

1. PURPOSE OF THE PLAN

The purpose of the Plan is to assist the Company and its Subsidiaries in attracting and retaining selected individuals to serve as employees, directors, consultants and/or advisors who are expected to contribute to the Company's success and to achieve long-term objectives that will benefit stockholders of the Company through the additional incentives inherent in the Awards hereunder.

2. DEFINITIONS

2.1. *"Award"* shall mean any Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award, Other Share-Based Award, Performance Award or any other right, interest or option relating to Shares or other property (including cash) granted pursuant to the provisions of the Plan.

2.2. *"Award Agreement"* shall mean any agreement, contract or other instrument or document evidencing any Award hereunder, whether in writing or through an electronic medium.

2.3. *"Board"* shall mean the board of directors of the Company.

2.4. *"Code"* shall mean the Internal Revenue Code of 1986, as amended from time to time.

2.5. *"Committee"* shall mean the Compensation Committee of the Board for purposes of Employee awards and the Director & Governance Committee for purposes of Non-employee Director Awards or any subcommittee thereof formed by the Committees to act as the respective Committee hereunder. Each Committee shall consist of no fewer than two Directors, each of whom is (i) a "non-employee director" within the meaning of Rule 16b-3 under the Exchange Act, (ii) an "outside director" within the meaning of Section 162(m) of the Code, and (iii) an "independent director" for purpose of the rules of the principal U.S. national securities exchange on which the Shares are traded, to the extent required by such rules.

2.6. *"Consultant"* shall mean any consultant or advisor who is a natural person and who provides services to the Company or any Subsidiary, so long as such person (i) renders bona fide services that are not in connection with the offer and sale of the Company's securities in a capital-raising transaction, (ii) does not directly or indirectly promote or maintain a market for the Company's securities and (iii) otherwise qualifies as a consultant under the applicable rules of the SEC for registration of shares of stock on a Form S-8 registration statement.

2.7. *"Covered Employee"* shall mean an employee of the Company or its Subsidiaries who is a "covered employee" within the meaning of Section 162(m) of the Code.

2.8. *"Director"* shall mean a member of the Board who is not an employee.

2.9. *"Dividend Equivalents"* shall have the meaning set forth in Section 12.6.

2.10. *"Employee"* shall mean any employee of the Company or any Subsidiary and any prospective employee conditioned upon, and effective not earlier than, such person becoming an employee of the Company or any Subsidiary.

2.11. *"Exchange Act"* shall mean the Securities Exchange Act of 1934, as amended.

2.12. *"Fair Market Value"* shall mean, with respect to Shares as of any date, (i) the closing price of the Shares as reported on the principal U.S. national securities exchange on which the Shares are listed and traded on such date, or, if there is no closing price on that date, then on the last preceding date on which such a closing price was reported; (ii) if the Shares are not listed on any U.S. national securities exchange but are quoted in an inter-dealer quotation system on a last sale basis, the final ask price of the Shares reported on the inter-dealer quotation system for such date, or, if there is no such sale on such date, then on the last preceding date on which a sale was reported; or (iii) if the Shares are neither listed on a U.S. national securities exchange nor quoted on an inter-dealer quotation system on a last sale basis, the amount determined by the Committee to be the fair market value of the Shares as determined by the Committee in its sole discretion. The Fair Market Value of any property other than Shares shall mean the market value of such property determined by such methods or procedures as shall be established from time to time by the Committee.

2.13. *"Incentive Stock Option"* shall mean an Option which when granted is intended to qualify as an incentive stock option for purposes of Section 422 of the Code.

2.14. *"Option"* shall mean any right granted to a Participant under the Plan allowing such Participant to purchase Shares at such price or prices and during such period or periods as the Committee shall determine.

2.15. *"Other Share-Based Award"* shall have the meaning set forth in Section 8.1.

2.16. *"Participant"* shall mean an Employee, Director or Consultant who is selected by the Committee to receive an Award under the Plan.

2.17. *"Performance Award"* shall mean any Award of Performance Cash, Performance Shares or Performance Units granted pursuant to Article 9.

2.18. *"Performance Cash"* shall mean any cash incentives granted pursuant to Article 9 payable to the Participant upon the achievement of such performance goals as the Committee shall establish.

2.19. *"Performance Period"* shall mean the period established by the Committee during which any performance goals specified by the Committee with respect to a Performance Award are to be measured.

2.20. *"Performance Share"* shall mean any grant pursuant to Article 9 of a unit valued by reference to a designated number of Shares, which value may be paid to the Participant upon achievement of such performance goals as the Committee shall establish.

2.21. *"Performance Unit"* shall mean any grant pursuant to Article 9 of a unit valued by reference to a designated amount of cash or property other than Shares, which value may be paid to the Participant upon achievement of such performance goals during the Performance Period as the Committee shall establish.

2.22. *"Permitted Assignee"* shall have the meaning set forth in Section 12.3.

2.23. *"Prior Plans"* shall mean, collectively, the Company's 2005 Omnibus Long-Term Incentive Plan and the 2005 Non-Employee Director Plan.

2.24. *"Restricted Stock"* shall mean any Share issued with the restriction that the holder may not sell, transfer, pledge or assign such Share and with such other restrictions as the Committee, in its sole discretion, may impose, which restrictions may lapse separately or in combination at such time or times, in installments or otherwise, as the Committee may deem appropriate.

2.25. *"Restricted Stock Award"* shall have the meaning set forth in Section 7.1.

2.26. *"Restricted Stock Unit"* means an Award that is valued by reference to a Share, which value may be paid to the Participant in Shares or cash as determined by the Committee in its sole discretion upon the satisfaction of vesting restrictions as the Committee may establish, which restrictions may lapse separately or in combination at such time or times, in installments or otherwise, as the Committee may deem appropriate.

2.27. *"Restricted Stock Unit Award"* shall have the meaning set forth in Section 7.1

2.28. *"SEC"* means the Securities and Exchange Commission.

2.29. *"Shares"* shall mean the shares of common stock of the Company, par value $1.00 per share.

2.30. *"Stock Appreciation Right"* shall mean the right granted to a Participant pursuant to Article 6.

2.31. *"Subsidiary"* shall mean any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if, at the relevant time each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in the chain.

2.32. *Substitute Awards"* shall mean Awards granted or Shares issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, in each case by a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines.

2.33. *"Vesting Period"* shall mean the period of time specified by the Committee during which vesting restrictions for an Award are applicable.

3. SHARES SUBJECT TO THE PLAN

3.1 *Number of Shares.* (a) Subject to adjustment as provided in Section 12.2, a total of 2,400,000 Shares shall be authorized for Awards granted under the Plan less one (1) Share for every one (1) Share granted under any Prior Plan after December 31, 2013 and prior to the effective date of the Plan. After the effective date of the Plan (as provided in Section 13.13), no awards may be granted under any Prior Plan.

(b) If (i) any Shares subject to an Award are forfeited, an Award expires or otherwise terminates without issuance of Shares, or an Award is settled for cash (in whole or in part) or otherwise does not result in the issuance of all or a portion of the Shares subject to such Award (including on payment in Shares on exercise of a Stock Appreciation Right), such Shares shall, to the extent of such forfeiture, expiration, termination, cash settlement or non-issuance, be added to the Shares available for grant under the Plan or (ii) after December 31, 2013 any Shares subject to an award under any Prior Plan are forfeited, an award under any Prior Plan expires or otherwise terminates without issuance of such Shares, or an award under any Prior Plan is settled for cash (in whole or in part), or otherwise does not result in the issuance of all or a portion of the Shares subject to such award (including on payment in Shares on exercise of a stock appreciation right), then in each such case the Shares subject to the Award or award under any Prior Plan shall, to the extent of such forfeiture, expiration, termination, cash settlement or non-issuance, be added to the Shares available for grant under the Plan on a one-for-one basis.

(c) In the event that (i) any Option or other Award granted hereunder is exercised through the tendering of Shares (either actually or by attestation) or by the withholding of Shares by the Company, or (ii) withholding tax liabilities arising from such Option or other Award are satisfied by the tendering of Shares (either actually or by attestation) or by the withholding of Shares by the Company, then in each such case the Shares so tendered or withheld shall be added to the Shares available for grant under the Plan on a one-for-one basis. In the event that after December 31, 2013 (i) any option or award any Prior Plan is exercised through the tendering of Shares (either actually or by attestation) or by the withholding of Shares by the Company, or (ii) withholding tax liabilities arising from such options or awards are satisfied by the tendering of Shares (either actually or by attestation) or by the withholding of Shares by the Company, then in each such case the Shares so tendered or withheld shall be added to the Shares available for grant under the Plan on a one-for-one basis.

(d) Substitute Awards shall not reduce the Shares authorized for grant under the Plan or the applicable limitations on grants to a Participant under Section 10.5, nor shall Shares subject to a Substitute Award be added to the Shares available for Awards under the Plan as provided in paragraphs (b) and (c) above. Additionally, in the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines has shares available under a pre-existing plan approved by stockholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for grant under the Plan (and Shares subject to such Awards shall not be added to the Shares available for Awards under the Plan as provided in paragraphs (b) and (c) above); provided that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not Employees or Directors prior to such acquisition or combination.

3.2. *Character of Shares.* Any Shares issued hereunder may consist, in whole or in part, of authorized and unissued shares, treasury shares or shares purchased in the open market or otherwise.

3.3. *Limit on Awards to Directors.* Notwithstanding any other provision of the Plan to the contrary and excluding any Award made pursuant to Section 8.5, the aggregate grant date fair value (computed as of the date of grant in accordance with applicable financial accounting rules) of all Awards granted to any Director during any single calendar year shall not exceed $150,000; provided, however, that the limitation of this Section shall be $250,000 in the first year a person becomes a Director.

4. ELIGIBILITY AND ADMINISTRATION

4.1. *Eligibility.* Any Employee, Director or Consultant shall be eligible to be selected as a Participant.

4.2. *Administration.* (a) The Plan shall be administered by the Committee. The Committee shall have full power and authority, subject to the provisions of the Plan and subject to such orders or resolutions not inconsistent with the provisions of the Plan as may from time to time be adopted by the Board, to: (i) select the Employees, Directors and Consultants to whom Awards may from time to time be granted hereunder; (ii) determine the type or types of Awards to be granted to each Participant hereunder; (iii) determine the number of Shares (or dollar value) to be covered by each Award granted hereunder; (iv) determine the terms and conditions, not inconsistent with the provisions of the Plan, of any Award granted hereunder; (v) determine whether, to what extent and under what circumstances Awards may be settled in cash, Shares or other property; (vi) determine whether, to what extent, and under what circumstances cash, Shares, other property and other amounts payable with respect to an Award made under the Plan shall be deferred either automatically or at the election of the Participant; (vii) determine whether, to what extent and under what circumstances any Award shall be canceled or suspended; (viii) interpret and administer the Plan and any instrument or agreement entered into under or in connection with the Plan, including any Award Agreement; (ix) correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent that the Committee shall deem desirable to carry it into effect; (x) establish such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (xi) determine whether any Award, other than an Option or Stock Appreciation Right, will have Dividend Equivalents; and (xii) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

(b) Decisions of the Committee shall be final, conclusive and binding on all persons or entities, including the Company, any Participant, and any Subsidiary. A majority of the members of the Committee may determine its actions, including fixing the time and place of its meetings. Notwithstanding the foregoing, any action or determination by the Committee specifically affecting or relating to an Award to a Director shall require the prior approval of the Director & Governance Committee and the Board of Directors.

(c) To the extent not inconsistent with applicable law, including Section 162(m) of the Code, with respect to Awards intended to comply with the performance-based compensation exception under Section 162(m), or the rules and regulations of the principal U.S. national securities exchange on which the Shares are traded, the Committee may (i) delegate to a committee of one or more directors of the Company any of the authority of the Committee under the Plan, including the right to grant, cancel or suspend Awards and (ii) authorize one or more executive officers to do one or more of the following with respect to Employees who are not directors or executive officers of the Company (A) designate Employees to be recipients of Awards, (B) determine the number of Shares subject to such Awards to be received by such Employees and (C) cancel or suspend Awards to such Employees; provided that (x) any resolution of the Committee authorizing such officer(s) must specify the total number of Shares subject to Awards that such officer(s) may so award and (y) the Committee may not authorize any officer to designate himself or herself as the recipient of an Award.

5. OPTIONS

5.1. *Grant.* Options may be granted hereunder to Participants either alone or in addition to other Awards granted under the Plan. Any Option shall be subject to the terms and conditions of this Article and to such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall deem desirable.

5.2. *Award Agreements.* All Options shall be evidenced by an Award Agreement in such form and containing such terms and conditions as the Committee shall determine which are not inconsistent with the provisions of the Plan. The terms and conditions of Options need not be the same with respect to each Participant. Granting an Option pursuant to the Plan shall impose no obligation on the recipient to exercise such Option. Any individual who is granted an Option pursuant to this Article may hold more than one Option granted pursuant to the Plan at the same time.

5.3. *Option Price.* Other than in connection with Substitute Awards, the option price per each Share purchasable under any Option granted pursuant to this Article shall not be less than 100% of the Fair Market Value of one Share on the date of grant of such Option; provided, however, that in the case of an Incentive Stock Option granted to a Participant who, at the time of the grant, owns stock representing more than 10% of the voting power of all classes of stock of the Company or any Subsidiary, the option price per share shall be no less than 110% of the Fair Market Value of one Share on the date of grant. Other than pursuant to Section 12.2, the Committee shall not without the approval of the Company's stockholders (a) lower the option price per Share of an Option after it is granted, (b) cancel an Option when the option price per Share exceeds the Fair Market Value of one Share in exchange for cash or another Award (other than in connection with a Change in Control as defined in Section 11.3), or (c) take any other action with respect to an Option that would be treated as a repricing under the rules and regulations of the principal U.S. national securities exchange on which the Shares are listed.

5.4. *Option Term.* The term of each Option shall be fixed by the Committee in its sole discretion; provided that no Option shall be exercisable after the expiration of ten (10) years from the date the Option is granted, except in the event of death or disability; provided, however, that the term of the Option shall not exceed five (5) years from the date the Option is granted in the case of an Incentive Stock Option granted to a Participant who, at the time of the grant, owns stock representing more than 10% of the voting power of all classes of stock of the Company or any Subsidiary. Notwithstanding the foregoing, in the event that on the last business day of the term of an Option (other than an Incentive Stock Option) (i) the exercise of the Option is prohibited by applicable law or (ii) Shares may not be purchased or sold by certain employees or directors of the Company due to the "black-out period" of a Company policy or a "lock-up" agreement undertaken in connection with an issuance of securities by the Company, the term of the Option shall be extended for a period of thirty (30) days following the end of the legal prohibition, black-out period or lock-up agreement.

5.5. *Vesting of Options.* Unless otherwise provided in an Award Agreement, any Option granted under the Plan shall vest and become exercisable as to 33-1/3% of the Shares subject thereto on each of the first three anniversaries of the date the Option is granted, in each case so long as the Participant continues to be employed by or provide services to the Company or any of its Subsidiaries on the relevant vesting date.

5.6. *Exercise of Options.* (a) Vested Options granted under the Plan shall be exercised by the Participant (or by a Permitted Assignee thereof or the Participant's executors, administrators, guardian or legal representative, to the extent provided in an Award Agreement) as to all or part of the Shares covered thereby, by giving notice of exercise to the Company or its designated agent, specifying the number of Shares to be purchased. The notice of exercise shall be in such form, made in such manner, and shall comply with such other requirements consistent with the provisions of the Plan as the Committee may prescribe from time to time.

(b) Unless otherwise provided in an Award Agreement, full payment of such purchase price shall be made at the time of exercise and shall be made (i) in cash or cash equivalents (including certified check or bank check or wire transfer of immediately available funds), (ii) by tendering previously acquired Shares (either actually or by attestation) valued at their then Fair Market Value, (iii) with the consent of the Committee, by delivery of other consideration having a Fair Market Value on the exercise date equal to the total purchase price, (iv) with the consent of the Committee, by withholding Shares otherwise issuable in connection with the exercise of the Option, (v) through any other method specified in an Award Agreement (including same-day sales through a broker), or (vi) any combination of any of the foregoing; provided, however, to the extent required by applicable law, that the Participant must pay in cash an amount not less than the aggregate par value (if any) of the Shares being acquired. The notice of exercise and payment of the purchase price shall be made by physical or electronic delivery as the Committee may from time to time direct, and shall be in such form, containing such further provisions consistent with the provisions of the Plan, as the Committee may from time to time prescribe. In no event may any Option granted hereunder be exercised for a fraction of a Share.

(c) Notwithstanding the foregoing, an Award Agreement may provide that if on the last day of the term of an Option the Fair Market Value of one Share exceeds the option price per Share, the Participant has not exercised the Option (or a tandem Stock Appreciation Right, if applicable) and the Option has not expired, the Option shall be deemed to have been exercised by the Participant on such day with payment made by withholding Shares otherwise issuable in connection with the exercise of the Option. In such event, the Company shall deliver to the Participant the number of Shares for which the Option was deemed exercised, less the number of Shares required to be withheld for the payment of the total purchase price and required withholding taxes; provided, however, any fractional Share shall be settled in cash.

5.7. *Form of Settlement.* In its sole discretion, the Committee may provide that the Shares to be issued upon an Option's exercise shall be in the form of Restricted Stock or other similar securities.

5.8. *Incentive Stock Options.* The Committee may grant Incentive Stock Options to any employee of the Company or any Subsidiary, subject to the requirements of Section 422 of the Code. Solely for purposes of determining whether Shares are available for the grant of Incentive Stock Options under the Plan, the maximum aggregate number of Shares that may be issued pursuant to Incentive Stock Options granted under the Plan shall be 2,400,000 Shares, subject to adjustment as provided in Section 12.2.

6. STOCK APPRECIATION RIGHTS

6.1. *Grant and Vesting.* The Committee may grant Stock Appreciation Rights (a) in tandem with all or part of any Option granted under the Plan or at any subsequent time during the term of such Option, (b) in tandem with all or part of any Award (other than an Option) granted under the Plan or at any subsequent time during the term of such Award, or (c) without regard to any Option or other Award in each case upon such terms and conditions as the Committee may establish in its sole discretion. Unless otherwise provided in an Award Agreement, any Share Appreciation Rights granted under the Plan shall vest and become exercisable as to 33-1/3% of such Share Appreciation Rights on each of the first three anniversaries of the date the Share Appreciation Rights are granted, in each case so long as the Participant continues to be employed by or provide services to the Company or any of its Subsidiaries on the relevant vesting date.

6.2. *Terms and Conditions.* Stock Appreciation Rights shall be subject to such terms and conditions, not inconsistent with the provisions of the Plan, as shall be determined from time to time by the Committee, including the following:

(a) Upon the exercise of a Stock Appreciation Right, the holder shall have the right to receive the excess of (i) the Fair Market Value of one Share on the date of exercise (or such amount less than such Fair Market Value as the Committee shall so determine at any time during a specified period before the date of exercise) over (ii) the grant price of the Stock Appreciation Right.

(b) The Committee shall determine in its sole discretion whether payment on exercise of a Stock Appreciation Right shall be made in cash, in whole Shares or other property, or any combination thereof.

(c) The terms and conditions of Stock Appreciation Rights need not be the same with respect to each recipient.

(d) The Committee may impose such other terms and conditions on the exercise of any Stock Appreciation Right, as it shall deem appropriate. A Stock Appreciation Right shall (i) have a grant price per Share of not less than the Fair Market Value of one Share on the date of grant or, if applicable, on the date of grant of an Option with respect to a Stock Appreciation Right granted in exchange for or in tandem with, but subsequent to, the Option (subject to the requirements of Section 409A of the Code) except in the case of Substitute Awards or in connection with an adjustment provided in Section 12.2, and (ii) have a term not greater than ten (10) years, except in the event of death or disability. Notwithstanding clause (ii) of the preceding sentence, in the event that on the last business day of the term of a Stock Appreciation Right (x) the exercise of the Stock Appreciation Right is prohibited by applicable law or (y) Shares may not be purchased or sold by certain employees or directors of the Company due to the “black-out period” of a Company policy or a “lock-up” agreement undertaken in connection with an issuance of securities by the Company, the term shall be extended for a period of thirty (30) days following the end of the legal prohibition, black-out period or lock-up agreement.

(e) An Award Agreement may provide that if on the last day of the term of a Stock Appreciation Right the Fair Market Value of one Share exceeds the grant price per Share of the Stock Appreciation Right, the Participant has not exercised the Stock Appreciation Right or the tandem Option (if applicable), and the Stock Appreciation Right has not otherwise expired, the Stock Appreciation Right shall be deemed to have been exercised by the Participant on such day. In such event, the Company shall make payment to the Participant in accordance with this Section, reduced by the number of Shares (or cash) required for withholding taxes; any fractional Share shall be settled in cash.

(f) Without the approval of the Company’s stockholders, other than pursuant to Section 12.2, the Committee shall not (i) reduce the grant price of any Stock Appreciation Right after the date of grant (ii) cancel any Stock Appreciation Right when the grant price per Share exceeds the Fair Market Value of one Share in exchange for cash or another Award (other than in connection with a Change in Control as defined in Section 11.3), or (iii) take any other action with respect to a Stock Appreciation Right that would be treated as a repricing under the rules and regulations of the principal U.S. national securities exchange on which the Shares are listed.

7. RESTRICTED STOCK AND RESTRICTED STOCK UNITS

7.1. *Grants.* Awards of Restricted Stock and of Restricted Stock Units may be granted hereunder to Participants either alone or in addition to other Awards granted under the Plan (a “Restricted Stock Award” or “Restricted Stock Unit Award” respectively), and such Restricted Stock Awards and Restricted Stock Unit Awards shall also be available as a form of payment of Performance Awards and other earned cash-based incentive compensation. The Committee has absolute discretion to determine whether any consideration (other than services) is to be received by the Company or any Subsidiary as a condition precedent to the grant of Restricted Stock or Restricted Stock Units, subject to such minimum consideration as may be required by applicable law.

7.2. *Award Agreements.* The terms of any Restricted Stock Award or Restricted Stock Unit Award granted under the Plan shall be set forth in an Award Agreement which shall contain provisions determined by the Committee and not inconsistent with the Plan. The terms of Restricted Stock Awards and Restricted Stock Unit Awards need not be the same with respect to each Participant

7.3. *Rights of Holders of Restricted Stock and Restricted Stock Units.* Unless otherwise provided in the Award Agreement, beginning on the date of grant of the Restricted Stock Award and subject to execution of the Award Agreement, the Participant shall become a stockholder of the Company with respect to all Shares subject to the Award Agreement and shall have all of the rights of a stockholder, including the right to vote such Shares and the right to receive distributions made with respect to such Shares, except as otherwise provided in this Section. A Participant who holds a Restricted Stock Unit Award shall only have those rights specifically provided for in the Award Agreement; provided, however, in no event shall the Participant have voting rights with respect to such Award. Except as otherwise provided in an Award Agreement, any Shares or any other property distributed as a dividend or otherwise with respect to any Restricted Stock Award or Restricted Stock Unit Award as to which the restrictions have not yet lapsed shall be subject to the same restrictions as such Restricted Stock

Award or Restricted Stock Unit Award, and the Committee shall have the sole discretion to determine whether, if at all, any cash-denominated amount that is subject to such restrictions shall earn interest and at what rate. Notwithstanding the provisions of this Section, cash dividends, stock and any other property (other than cash) distributed as a dividend or otherwise with respect to any Restricted Stock Award or Restricted Stock Unit Award that vests based on achievement of performance goals shall either (i) not be paid or credited or (ii) be accumulated, shall be subject to restrictions and risk of forfeiture to the same extent as the Restricted Stock or Restricted Stock Units with respect to which such cash, stock or other property has been distributed and shall be paid at the time such restrictions and risk of forfeiture lapse.

7.4. *Vesting Period.* Restricted Stock Awards and Restricted Stock Unit Awards shall have a Vesting Period of not less than (i) three (3) years from date of grant (but permitting pro rata vesting over such time) if subject only to continued service with the Company or a Subsidiary and (ii) one (1) year from the date of grant if subject to the achievement of performance objectives. Notwithstanding the foregoing, the restrictions in the preceding sentence shall not be applicable to (i) grants to new hires to replace forfeited awards from a prior employer, (ii) grants in payment of Performance Awards and other earned cash-based incentive compensation, (iii) Substitute Awards, (iv) the death, disability or retirement of the Participant, (v) a Change in Control (as defined in Section 11.3) or (vi) special circumstances determined by the Committee. The Committee may, in its sole discretion waive the vesting restrictions and any other conditions set forth in any Award Agreement under such terms and conditions as the Committee shall deem appropriate, subject to the limitations imposed under Section 162(m) of the Code and the regulations thereunder in the case of a Restricted Stock Award or Restricted Stock Unit Award intended to comply with the performance-based exception under Code Section 162(m) except as otherwise determined by the Committee to be appropriate under the circumstances. The minimum Vesting Period requirements of this Section shall not apply to Restricted Stock Awards or Restricted Stock Unit Awards granted to Directors or Consultants.

7.5. *Issuance of Shares.* Any Restricted Stock granted under the Plan may be evidenced in such manner as the Board may deem appropriate, including book-entry registration or issuance of a stock certificate or certificates, which certificate or certificates shall be held by the Company. Any such certificate or certificates shall be registered in the name of the Participant and shall bear an appropriate legend referring to the restrictions applicable to such Restricted Stock.

8. OTHER SHARE-BASED AWARDS

8.1. *Grants.* Other Awards of Shares and other Awards that are valued in whole or in part by reference to, or are otherwise based on, Shares or other property (“Other Share-Based Awards”), including deferred stock units, may be granted hereunder to Participants either alone or in addition to other Awards granted under the Plan. Other Share-Based Awards shall also be available as a form of payment of other Awards granted under the Plan and other earned cash-based compensation.

8.2. *Award Agreements.* The terms of Other Share-Based Awards granted under the Plan shall be set forth in an Award Agreement which shall contain provisions determined by the Committee and not inconsistent with the Plan. The terms of such Awards need not be the same with respect to each Participant. Notwithstanding the provisions of this Section, Dividend Equivalents with respect to the Shares covered by an Other Share-Based Award that vests based on achievement of performance goals shall be subject to restrictions and risk of forfeiture to the same extent as the Shares covered by an Other Share-Based Award with respect to which such Dividend Equivalents have been credited. Other Share-Based Awards may be subject to vesting restrictions during the Vesting Period as specified by the Committee.

8.3. *Minimum Vesting Period.* Other Share-Based Awards shall have a Vesting Period of not less than (i) three (3) years from date of grant (but permitting pro rata vesting over such time) if subject only to continued service with the Company or a Subsidiary and (ii) one (1) year from the date of grant if subject to the achievement of performance objectives, subject in either case to accelerated vesting in the Committee’s discretion in the event of a Change in Control (as defined in Section 11.3) or the termination of the Participant’s service with the Company and its Subsidiaries. Notwithstanding the foregoing, the restrictions in the preceding sentence shall not be applicable to (i) grants to new hires to replace forfeited awards from a prior employer, (ii) grants in payment of Performance Awards and other earned cash-based incentive compensation, (iii) Substitute Awards, (iv) the death, disability or retirement of the Participant or (v) special circumstances determined by the Committee. The Committee may, in its sole discretion waive the vesting restrictions and any other conditions set forth in any Award Agreement under such terms and conditions as the Committee shall deem appropriate, subject to the limitations imposed under Section 162(m) of the Code and the regulations thereunder in the case of an Other Share-Based Award intended to comply with the performance-based exception under Code Section 162(m) except as otherwise determined by the Committee to be appropriate under the circumstances. The minimum Vesting Period requirements of this Section shall not apply to Other Share-Based Awards granted to Directors or Consultants.

8.4. *Payment.* Except as may be provided in an Award Agreement, Other Share-Based Awards may be paid in cash, Shares, other property, or any combination thereof, in the sole discretion of the Committee. Other Share-Based Awards may be paid in a lump sum or in installments or, in accordance with procedures established by the Committee, on a deferred basis subject to the requirements of Section 409A of the Code.

8.5. *Deferral of Director Fees.* Directors shall be eligible to elect to defer their fees or retainers and receive Other Share-Based Awards in the form of deferred stock units or deferred cash in lieu of all or a portion of their annual retainer, any chairman retainer, or meeting fees. In addition Directors may elect to receive Other Share-Based Awards in the form of deferred stock units or deferred cash in lieu of all or a portion of their annual and committee retainers and annual meeting fees, provided that such election is made in accordance with the requirements of Section 409A of the Code. The Committee shall, in its absolute discretion, establish such rules and procedures as it deems appropriate for such elections and for payment in deferred stock units or cash.

9. PERFORMANCE AWARDS

9.1. *Grants.* Performance Awards in the form of Performance Cash, Performance Shares or Performance Units, as determined by the Committee in its sole discretion, may be granted hereunder to Participants, for no consideration or for such minimum consideration as may be required by applicable law, either alone or in addition to other Awards granted under the Plan. The performance goals to be achieved for each Performance Period shall be conclusively determined by the Committee and may be based upon the criteria set forth in Section 10.2 or such other criteria as determined by the Committee in its discretion.

9.2. *Award Agreements.* The terms of any Performance Award granted under the Plan shall be set forth in an Award Agreement (or, if applicable, in a resolution duly adopted by the Committee) which shall contain provisions determined by the Committee and not inconsistent with the Plan, including whether such Awards shall have Dividend Equivalents. The terms of Performance Awards need not be the same with respect to each Participant.

9.3. *Terms and Conditions.* The performance criteria to be achieved during any Performance Period and the length of the Performance Period shall be determined by the Committee upon the grant of each Performance Award; provided, however, that a Performance Period shall not be shorter than three years nor longer than five years unless the Award is not payable in Shares. The amount of the Award to be distributed shall be conclusively determined by the Committee.

9.4. *Payment.* Except as provided in Article 11, as provided by the Committee or as may be provided in an Award Agreement, Performance Awards will be distributed only after the end of the relevant Performance Period. Performance Awards may be paid in cash, Shares, other property, or any combination thereof, in the sole discretion of the Committee. Performance Awards may be paid in a lump sum or in installments following the close of the Performance Period or, in accordance with procedures established by the Committee, on a deferred basis subject to the requirements of Section 409A of the Code.

10. CODE SECTION 162(m) PROVISIONS

10.1. *Covered Employees.* Notwithstanding any other provision of the Plan, if the Committee determines at the time a Restricted Stock Award, a Restricted Stock Unit Award, a Performance Award or an Other Share-Based Award is granted to a Participant who is or may be, as of the end of the tax year in which the Company would claim a tax deduction in connection with such Award, a Covered Employee, then the Committee may provide that this Article 10 is applicable to such Award.

10.2. *Performance Goals.* If the Committee determines that a Restricted Stock Award, a Restricted Stock Unit, a Performance Award or an Other Share-Based Award is intended to be subject to this Article 10, the lapsing of restrictions thereon and the distribution of cash, Shares or other property pursuant thereto, as applicable, shall be subject to the achievement of one or more objective performance goals established by the Committee, which shall be based on the attainment of specified levels of one or any combination of the following: total stockholder return; stock price appreciation; comparisons with stock market indices; net income; operating income; net operating profit; earnings per share; revenue growth; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; operating income; asset reduction; cost reduction; market share; economic value-added models; return on investment; return on invested capital; return on sales; return on equity; return on assets; return on capital employed; cash flow; cash flow per share; and new product releases. Such performance goals also may be based solely by reference to the Company's performance or the performance of a Subsidiary, division, business segment or business unit of the Company or a Subsidiary, or based upon performance relative to performance of other companies or upon comparisons of any of the indicators of performance relative to performance of other companies. The Committee may provide for exclusion of the impact of an event or occurrence which the Committee determines should appropriately be excluded, including (a) restructurings, discontinued operations, extraordinary items, and other unusual or non-recurring charges, (b) an event either not directly related to the operations of the Company, Subsidiary, division, business segment or business unit or not within the reasonable control of management, or (c) the cumulative effects of tax or accounting changes in accordance with U.S. generally accepted accounting principles. Such performance goals (and any exclusions) shall (i) be set by the Committee prior to the earlier of (i) 90 days after the commencement of the applicable Performance Period and the expiration of 25% of the Performance Period, and (ii) otherwise comply with the requirements of, Section 162(m) of the Code and the regulations thereunder.

10.3. *Adjustments; Certification.* Notwithstanding any provision of the Plan (other than Article 11), with respect to any Restricted Stock Award, Restricted Stock Unit Award, Performance Award or Other Share-Based Award that is subject to this Section 10, the Committee may adjust downwards, but not upwards, the amount payable pursuant to such Award, and the Committee may not waive the achievement of the applicable performance goals except in the case of the death or disability of the Participant or as otherwise determined by the Committee in special circumstances. The Committee must certify, in writing the amount of the Award for each Participant for such Performance Period before payment of the Award is made.

10.4. *Restrictions.* The Committee shall have the power to impose such other restrictions on Awards subject to this Article as it may deem necessary or appropriate to ensure that such Awards satisfy all requirements for "performance-based compensation" within the meaning of Section 162(m) of the Code.

10.5. *Limitations on Grants to Individual Participants.* Subject to adjustment as provided in Section 12.2, no Participant may be granted (i) Options or Stock Appreciation Rights during any 12-month period with respect to more than 2,000,000 Shares and (ii) Restricted Stock Awards, Restricted Stock Unit Awards, Performance Awards and/or Other Share-Based Awards during any calendar year that are intended to comply with the performance-based exception under Code Section 162(m) and are denominated in Shares under which more than 2,000,000 Shares may be earned for each twelve (12) months in the vesting period or Performance Period. During any calendar year no Participant may be granted Performance Awards that are intended to comply with the performance-based exception under Code Section 162(m) and are denominated in cash under which more than may $5,000,000 may be earned for each twelve (12) months in the Performance Period. Each of the limitations in this section shall be multiplied by two (2) with respect to Awards granted to a Participant during the first calendar year in which the Participant commences employment with the Company and its Subsidiaries. If an Award is cancelled, the cancelled Award shall continue to be counted toward the applicable limitation in this Section).

11. CHANGE IN CONTROL PROVISIONS

11.1. *Impact on Certain Awards.* Award Agreements may provide that in the event of a Change in Control of the Company (as defined in Section 11.3): (i) Options and Stock Appreciation Rights outstanding as of the date of the Change in Control shall be cancelled and terminated without payment if the Fair Market Value of one Share as of the date of the Change in Control is less than the per Share Option exercise price or Stock Appreciation Right grant price, and (ii) all Performance Awards shall be (x) considered to be earned and payable based on achievement of performance goals or based on target performance (either in full or pro rata based on the portion of Performance Period completed as of the date of the Change in Control), and any limitations or other restrictions shall lapse and such Performance Awards shall be immediately settled or distributed or (y) converted into Restricted Stock or Restricted Stock Unit Awards based on achievement of performance goals or based on target performance (either in full or pro rata based on the portion of Performance Period completed as of the date of the Change in Control) that are subject to Section 11.2.

11.2. *Assumption or Substitution of Certain Awards.* (a) Unless otherwise provided in an Award Agreement, in the event of a Change in Control of the Company in which the successor company assumes or substitutes for an Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award or Other Share-Based Award (or in which the Company is the ultimate parent corporation and continues the Award), if a Participant's employment with such successor company (or the Company) or a subsidiary thereof terminates within 24 months following such Change in Control (or such other period set forth in the Award Agreement, including prior thereto if applicable) and under the circumstances specified in the Award Agreement: (i) Options and Stock Appreciation Rights outstanding as of the date of such termination of employment will immediately vest, become fully exercisable, and may thereafter be exercised for 24 months (or the period of time set forth in the Award Agreement), (ii) the restrictions, limitations and other conditions applicable to Restricted Stock and Restricted Stock Units outstanding as of the date of such termination of employment shall lapse and the Restricted Stock and Restricted Stock Units shall become free of all restrictions, limitations and conditions and become fully vested, and (iii) the restrictions, limitations and other conditions applicable to any Other Share-Based Awards shall lapse, and such Other Share-Based Awards shall become free of all restrictions, limitations and conditions and become fully vested and transferable to the full extent of the original grant. For the purposes of this Section 11.2, an Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award or Other Share-Based Award shall be considered assumed or substituted for if following the Change in Control the Award confers the right to purchase or receive, for each Share subject to the Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award or Other Share-Based Award immediately prior to the Change in Control, the consideration (whether stock, cash or other securities or property) received in the transaction constituting the Change in Control by holders of Shares for each Share held on the effective date of such transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the transaction constituting a Change in Control is not solely common stock of the successor company, the Committee may, with the consent of the successor company, provide that the consideration to be received upon the exercise or vesting of an Option, Stock Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award or Other Share-Based Award, for each Share subject thereto, will be solely common stock of the successor company with a fair market value substantially equal to the per Share consideration received by holders of Shares in the transaction constituting a Change in Control. The determination of whether fair market value is substantially equal shall be made by the Committee in its sole discretion and its determination shall be conclusive and binding.

(b) Unless otherwise provided in an Award Agreement, in the event of a Change in Control of the Company to the extent the successor company does not assume or substitute for an Option, Stock

Appreciation Right, Restricted Stock Award, Restricted Stock Unit Award or Other Share-Based Award (or in which the Company is the ultimate parent corporation and does not continue the Award), then immediately prior to the Change in Control: (i) those Options and Stock Appreciation Rights outstanding as of the date of the Change in Control that are not assumed or substituted for (or continued) shall immediately vest and become fully exercisable, (ii) restrictions, limitations and other conditions applicable to Restricted Stock and Restricted Stock Units that are not assumed or substituted for (or continued) shall lapse and the Restricted Stock and Restricted Stock Units shall become free of all restrictions, limitations and conditions and become fully vested, and (iii) the restrictions, other limitations and other conditions applicable to any Other Share-Based Awards or any other Awards that are not assumed or substituted for (or continued) shall lapse, and such Other Share-Based Awards or such other Awards shall become free of all restrictions, limitations and conditions and become fully vested and transferable to the full extent of the original grant.

(c) The Committee, in its discretion, may determine that, upon the occurrence of a Change in Control of the Company, each Option and Stock Appreciation Right outstanding shall terminate within a specified number of days after notice to the Participant, and/or that each Participant shall receive, with respect to each Share subject to such Option or Stock Appreciation Right, an amount equal to the excess of the Fair Market Value of such Share immediately prior to the occurrence of such Change in Control over the exercise price per Share of such Option and/or Stock Appreciation Right; such amount to be payable in cash, in one or more kinds of stock or property (including the stock or property, if any, payable in the transaction) or in a combination thereof, as the Committee, in its discretion, shall determine.

11.3. *Change in Control.* For purposes of the Plan, unless otherwise provided in an Award Agreement, Change in Control means the occurrence of any one of the following events (provided, however, that except with respect to paragraph (d) below, any definition of Change in Control in an Award Agreement may not provide that a Change in Control will occur prior to consummation or effectiveness of a change in control of the Company and may not provide that a Change in Control will occur upon the announcement, commencement, stockholder approval or other potential occurrence of any event or transaction that, if completed, would result in a change in control of the Company):

(a) An acquisition (other than directly from the Company) of any common stock of the Company ("Common Stock") or other voting securities of the Company entitled to vote generally for the election of directors (the "Voting Securities") by any "Person" (as the term person is used for purposes of Section 13(d) or 14(d) of the Exchange Act), immediately after which such Person has "Beneficial Ownership" (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of thirty percent (30%) or more of (i) the then outstanding shares of Common Stock, (ii) the combined voting power of the Company's then outstanding Voting Securities or (iii) the voting power to elect a majority of the Board; provided, however, in determining whether a Change in Control has occurred, Voting Securities which are acquired in a Non-Control Acquisition (as hereinafter defined) shall not constitute an acquisition which would cause a Change in Control; provided, further, however, that with respect to any acquisition of Beneficial Ownership by Unitrin Inc. ("Unitrin"), the reference to thirty percent (30%) in this Section 11.3 shall be deemed to be forty-five percent (45%) for purposes of Unitrin. A "Non-Control Acquisition" shall mean an acquisition by (i) an employee benefit plan (or a trust forming a part thereof) maintained by (A) the Company or (B) any corporation or other Person of which a majority of its voting power or its voting equity securities or equity interest is owned, directly or indirectly, by the Company (a "Subsidiary Entity") (ii) the Company or its Subsidiary Entities, or (iii) any Person in connection with a Non-Control Transaction (as hereinafter defined);

(b) During any twenty-four (24) month period, the individuals who, as of the beginning of such period, constitute the Board (the "Incumbent Board"), cease for any reason to constitute at least a majority of the members of the Board; provided, however, that if the election, or nomination for election by the Company's shareholders, of any new director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of this Agreement, be considered as a member of the Incumbent Board; provided further, however, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of either an actual or threatened "Election Contest" (as described in Rule 14a-11 promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board (a "Proxy Contest") including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest;

(c) The consummation of:

(i) A merger, consolidation or reorganization to which the Company is a party or in which securities of the Company are issued, unless such merger, consolidation or reorganization is a "Non-Control Transaction." A "Non-Control Transaction" shall mean a merger, consolidation or reorganization with or into the Company or in which securities of the Company are issued where

(A) the shareholders of the Company, immediately before such merger, consolidation or reorganization, own directly or indirectly immediately following such merger, consolidation or reorganization, at least sixty percent (60%) of the combined voting power of the outstanding voting securities of the corporation resulting from such merger or consolidation or reorganization (the "Surviving Corporation") in substantially the same proportion as their ownership of the Voting Securities immediately before such merger, consolidation or reorganization,

(B) the individuals who were members of the Incumbent Board immediately prior to the execution of the agreement providing for such merger, consolidation or reorganization constitute at least a majority of the members of the board of directors of the Surviving Corporation, or a corporation beneficially directly or indirectly owning a majority of the combined voting power of the outstanding voting securities of the Surviving Corporation, and

(C) no Person other than (i) the Company, (ii) any Subsidiary Entity, (iii) any employee benefit plan (or any trust forming a part thereof) that, immediately prior to such merger, consolidation or reorganization, was maintained by the Company, the Surviving Corporation, or any Subsidiary Entity, or (iv) any Person who, immediately prior to such merger, consolidation or reorganization had Beneficial Ownership of twenty percent (20%) or more of the then outstanding Voting Securities or common stock of the Company, has Beneficial Ownership of twenty percent (20%) or more of the combined voting power of the Surviving Corporation's then outstanding voting securities or its common stock.

(ii) A complete liquidation or dissolution of the Company; or

(iii) The sale or other disposition of all or substantially all of the assets of the Company to any Person (other than a transfer to a Subsidiary Entity or a distribution to the Company's shareholders).

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur solely because any Person (the "Subject Person") acquired Beneficial Ownership of more than the permitted amount of the then outstanding common stock or Voting Securities as a result of the acquisition of Common Stock or Voting Securities by the Company which, by reducing the number of shares of Common Stock or Voting Securities then outstanding, increases the proportional number of shares Beneficially Owned by the Subject Person, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of shares of Common Stock or Voting Securities by the Company, and after such share acquisition by the Company, the Subject Person becomes the Beneficial Owner of any additional shares of Common Stock or Voting Securities which increases the percentage of the then outstanding shares of Common Stock or Voting Securities Beneficially Owned by the Subject Person, then a Change in Control shall occur.

12. GENERALLY APPLICABLE PROVISIONS

12.1. *Amendment and Termination of the Plan.* The Board may, from time to time, alter, amend, suspend or terminate the Plan as it shall deem advisable, subject to any requirement for stockholder approval imposed by applicable law, including the rules and regulations of the principal U.S. national securities exchange on which the Shares are traded; provided that the Board may not amend the Plan in any manner that would result in noncompliance with Rule 16b-3 under the Exchange Act; and further provided that the Board may not, without the approval of the Company's stockholders to the extent required by such applicable law, amend the Plan to (a) increase the number of Shares that may be the subject of Awards under the Plan (except for adjustments pursuant to Section 12.2), (b) expand the types of awards available under the Plan, (c) materially expand the class of persons eligible to participate in the Plan, (d) amend Section 5.3 or Section 6.2 to eliminate the requirements relating to minimum exercise price, minimum grant price and stockholder approval, (e) increase the maximum permissible term of any Option specified by Section 5.4 or the maximum permissible term of a Stock Appreciation Right specified by Section 6.2, (f) add performance goals to Section 10.2 or (g) increase any of the limitations in Section 10.5. The Board may not (except pursuant to Section 12.2 or in connection with a Change in Control), without the approval of the Company's stockholders, cancel an Option or Stock Appreciation Right in exchange for cash when the exercise or grant price per share exceeds the Fair Market Value of one Share or take any action with respect to an Option or Stock Appreciation Right that would be treated as a repricing under the rules and regulations of the principal securities exchange on which the Shares are traded, including a reduction of the exercise price of an Option or the grant price of a Stock Appreciation Right or the exchange of an Option or Stock Appreciation Right for another Award. In addition, no amendments to, or termination of, the Plan shall impair the rights of a Participant in any material respect under any Award previously granted without such Participant's consent.

12.2. *Adjustments.* In the event of any merger, reorganization, consolidation, recapitalization, dividend or distribution (whether in cash, shares or other property, other than a regular cash dividend), stock split, reverse stock split, spin-off or similar transaction or other change in corporate structure affecting the Shares or the value thereof, such adjustments and other substitutions shall be made to the Plan and to Awards in a manner the Committee deems equitable or appropriate taking into consideration the accounting and tax consequences, including such adjustments in the aggregate number, class and kind of securities that may be delivered under the Plan, the limitations in Section 10.5 (other than to Awards denominated in cash), the maximum number of Shares that may be issued pursuant to Incentive Stock Options and, in the aggregate or to any Participant, in the number, class, kind and option or exercise price of securities subject to outstanding Awards granted under the Plan (including, if the Committee deems appropriate, the substitution of similar options to purchase the shares of, or other awards denominated in the shares of, another company); provided, however, that the number of Shares subject to any Award shall always be a whole number.

12.3. *Transferability of Awards.* Except as provided below, no Award and no Shares that have not been issued or as to which any applicable restriction, performance or deferral period has not lapsed, may be sold, assigned, transferred, pledged or otherwise encumbered, other than by will or the laws of descent and distribution, and such Award may be exercised during the life of the Participant only by the Participant or the Participant's guardian or legal representative. To the extent and under such terms and conditions as determined by the Committee, a Participant may assign or transfer an Award without consideration (each transferee thereof, a "Permitted Assignee") (i) to the Participant's spouse, children or grandchildren (including any adopted and step children or grandchildren), parents, grandparents or siblings, (ii) to a trust for the benefit of one or more of the Participant or the persons referred to in clause (i), (iii) to a partnership, limited liability company or corporation in which the Participant or the persons referred to in clause (i) are the only partners, members or shareholders or (iv) for charitable donations; provided that such Permitted Assignee shall be bound by and subject to all of the terms and conditions of the Plan and the Award Agreement relating to the transferred Award and shall execute an agreement satisfactory to the Company evidencing such obligations; and provided further that such Participant shall remain bound by the terms and conditions of the Plan. The Company shall cooperate with any Permitted Assignee and the Company's transfer agent in effectuating any transfer permitted under this Section.

12.4. *Termination of Employment or Services.* The Committee shall determine and set forth in each Award Agreement whether any Awards granted in such Award Agreement will continue to be exercisable, continue to vest or be earned and the terms of such exercise, vesting or earning, on and after the date that a Participant ceases to be employed by or to provide services to the Company or any Subsidiary (including as a Director), whether by reason of death, disability, voluntary or involuntary termination of employment or services, or otherwise. The date of termination of a Participant's employment or services will be determined by the Committee, which determination will be final.

12.5. *Deferral.* The Committee shall be authorized to establish procedures pursuant to which the payment of any Award may be deferred.

12.6. *Dividend Equivalents.* Subject to the provisions of the Plan and any Award Agreement, the recipient of an Award other than an Option or Stock Appreciation Right may, if so determined by the Committee, be entitled to receive, currently or on a deferred basis, amounts equivalent to cash, stock or other property dividends on Shares ("Dividend Equivalents") with respect to the number of Shares covered by the Award, as determined by the Committee, in its sole discretion. The Committee may provide that the Dividend Equivalents (if any) shall be deemed to have been reinvested in additional Shares or otherwise reinvested and may provide that the Dividend Equivalents are subject to the same vesting or performance conditions as the underlying Award. Notwithstanding the foregoing, Dividend Equivalents credited in connection with an Award that vests based on the achievement of performance goals shall be subject to restrictions and risk of forfeiture to the same extent as the Award with respect to which such Dividend Equivalents have been credited.

12.7 *No Pledging or Hedging.* All Shares from Awards are subject to the prohibitions in the Company's policies on hedging of Shares (including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds) and pledging of Shares (including holding Company securities in a margin account or otherwise pledging Company securities as collateral for a loan).

13. MISCELLANEOUS

13.1. *Award Agreements.* Each Award Agreement shall either be (a) in writing in a form approved by the Committee and executed by the Company by an officer duly authorized to act on its behalf, or (b) an electronic notice in a form approved by the Committee and recorded by the Company (or its designee) in an electronic recordkeeping system used for the purpose of tracking one or more types of Awards as the Committee may provide; in each case and if required by the Committee, the Award Agreement shall be executed or otherwise electronically accepted by the recipient of the Award in such form and manner as the Committee may require. The Committee may authorize any officer of the Company to execute any or all Award Agreements on behalf of the Company. The Award Agreement shall set forth the material terms and conditions of the Award as established by the Committee consistent with the provisions of the Plan.

13.2. *Tax Withholding.* The Company shall have the right to make all payments or distributions pursuant to the Plan to a Participant (or a Permitted Assignee thereof) net of any applicable federal, state and local taxes required to be paid or withheld as a result of (a) the grant of any Award, (b) the exercise of an Option or Stock Appreciation Right, (c) the delivery of Shares or cash, (d) the lapse of any restrictions in connection with any Award or (e) any other event occurring pursuant to the Plan. The Company or any Subsidiary shall have the right to withhold from wages or other amounts otherwise payable to a Participant (or Permitted Assignee) such withholding taxes as may be required by law, or to otherwise require the Participant (or Permitted Assignee) to pay such withholding taxes. If the Participant (or Permitted Assignee) shall fail to make such tax payments as are required, the Company or its Subsidiaries shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to such Participant (or Permitted Assignee) or to take such other action as may be necessary to satisfy such withholding obligations. The Committee shall be authorized to establish procedures for election by Participants (or Permitted Assignee) to satisfy such obligation for the payment of such taxes by tendering previously acquired Shares (either actually or by attestation, valued at their then Fair Market Value), or by directing the Company to retain Shares (up to the minimum required tax withholding rate for the Participant (or Permitted Assignee) or such other rate that will not cause an adverse accounting consequence or cost) otherwise deliverable in connection with the Award.

13.3. *Right of Discharge Reserved; Claims to Awards.* Nothing in the Plan nor the grant of an Award hereunder shall confer upon any Employee, Director or Consultant the right to continue in the employment or service of the Company or any Subsidiary or affect any right that the Company or any Subsidiary may have to terminate the employment or service of (or to demote or to exclude from future Awards under the Plan) any such Employee, Director or Consultant at any time for any reason. The Company shall not be liable for the loss of existing or potential profit from an Award granted in the event of termination of an employment or other relationship. No Employee, Director or Consultant shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Employees, Directors or Consultants under the Plan.

13.4. *Substitute Awards.* Notwithstanding any other provision of the Plan, the terms of Substitute Awards may vary from the terms set forth in the Plan to the extent the Committee deems appropriate to conform, in whole or in part, to the provisions of the awards in substitution for which they are granted.

13.5. *Cancellation of Award; Forfeiture of Gain.* Notwithstanding anything to the contrary contained herein, an Award Agreement may provide that:

(a) In the event of a restatement of the Company's financial statements, the Committee shall have the right to review any Award, the amount, payment or vesting of which was based on an entry in the financial statements that are the subject of the restatement. If the Committee determines that based on the results of the restatement, a lesser amount or portion of an Award should have been paid or vested, it may (i) cancel all or any portion of any outstanding Awards and (ii) require the Participant or other person to whom any payment has been made or shares or other property have been transferred in connection with the Award to forfeit and pay over to the Company, on demand, all or any portion of the gain (whether or not taxable) realized upon the exercise of any Option or Stock Appreciation Right and the value realized (whether or not taxable) on the vesting or payment of any other Award during the period beginning twelve months preceding the date of the restatement and ending with the date of cancellation of any outstanding Awards.

(b) If the Participant, without the consent of the Company, while employed by or providing services to the Company or any Subsidiary or after termination of such employment or service, violates a non-competition, non-solicitation or non-disclosure covenant or agreement or otherwise engages in activity that is in conflict with or adverse to the interest of the Company or any Subsidiary, as determined by the Committee in its sole discretion, then (i) any outstanding, vested or unvested, earned or unearned portion of the Award may, at the Committee's discretion, be canceled and (ii) the Committee, in its discretion, may require the Participant or other person to whom any payment has been made or Shares or other property have been transferred in connection with the Award to forfeit and pay over to the Company, on demand, all or any portion of the gain (whether or not taxable) realized upon the exercise of any Option or Stock Appreciation Right and the value realized (whether or not taxable) on the vesting or payment of any other Award during the time period specified in the Award Agreement.

13.6. *Stop Transfer Orders.* All certificates for Shares delivered under the Plan pursuant to any Award shall be subject to such stop-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the SEC, any stock exchange upon which the Shares are then listed, and any applicable federal or state securities law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

13.7. *Nature of Payments.* All Awards made pursuant to the Plan are in consideration of services performed or to be performed for the Company or any Subsidiary, division or business unit of the Company or a Subsidiary. Any income or gain realized pursuant to Awards under the Plan constitutes a special incentive payment to the Participant and shall not be taken into account, to the extent permissible under applicable law, as compensation for purposes of any of the employee benefit plans of the Company or any Subsidiary except as may be determined by the Committee or by the Board or board of directors of the applicable Subsidiary (or as may be required by the terms of such plan).

13.8. *Other Plans.* Nothing contained in the Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to stockholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

13.9. *Severability.* The provisions of the Plan shall be deemed severable. If any provision of the Plan shall be held unlawful or otherwise invalid or unenforceable in whole or in part by a court of competent jurisdiction or by reason of change in a law or regulation, such provision shall (a) be deemed limited to the extent that such court of competent jurisdiction deems it lawful, valid and/or enforceable and as so limited shall remain in full force and effect, and (b) not affect any other provision of the Plan or part thereof, each of which shall remain in full force and effect. If the making of any payment or the provision of any other benefit required under the Plan shall be held unlawful or otherwise invalid or unenforceable by a court of competent jurisdiction or any governmental regulatory agency, or impermissible under the rules of any securities exchange on which the Shares are listed, such unlawfulness, invalidity, unenforceability or impermissibility shall not prevent any other payment or benefit from being made or provided under the Plan, and if the making of any payment in full or the provision of any other benefit required under the Plan in full would be unlawful or otherwise invalid or impermissible, then such unlawfulness, invalidity or impermissibility shall not prevent such payment or benefit from being made or provided in part, to the extent that it would not be unlawful, invalid or impermissible and the maximum payment or benefit that would not be unlawful, invalid or impermissible shall be made or provided under the Plan.

13.10. *Construction.* As used in the Plan, the words *"include"* and *"including*," and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words *"without limitation.*"

13.11. *Unfunded Status of the Plan.* The Plan is intended to constitute an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general creditor of the Company. In its sole discretion, the Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver the Shares or payments in lieu of or with respect to Awards hereunder; provided, however, that the existence of such trusts or other arrangements is consistent with the unfunded status of the Plan.

13.12. *Governing Law.* The Plan and all determinations made and actions taken thereunder, to the extent not otherwise governed by the Code or the laws of the United States, shall be governed by the laws of the State of Delaware, without reference to principles of conflict of laws, and construed accordingly.

13.13. *Effective Date of Plan; Termination of Plan.* The Plan shall be effective on the date of the approval of the Plan by the holders of the shares entitled to vote at a duly constituted meeting of the stockholders of the Company. The Plan shall be null and void and of no effect if the foregoing condition is not fulfilled and in such event each Award shall, notwithstanding any of the preceding provisions of the Plan, be null and void and of no effect. Awards may be granted under the Plan at any time and from time to time on or prior to the tenth anniversary of the effective date of the Plan, on which date the Plan will expire except as to Awards then outstanding under the Plan; provided, however, in no event may an Incentive Stock Option be granted more than ten (10) years after the earlier of (i) the date of the adoption of the Plan by the Board or (ii) the effective date of the Plan as provided in the first sentence of this Section. Such outstanding Awards shall remain in effect until they have been exercised or terminated, or have expired.

13.14. *Foreign Employees and Consultants.* Awards may be granted to Participants who are foreign nationals or employed or providing services outside the United States, or both, on such terms and conditions different from those applicable to Awards to Employees or Consultants providing services in the United States as may, in the judgment of the Committee, be necessary or desirable in order to recognize differences in local law or tax policy. The Committee also may impose conditions on the exercise or vesting of Awards in order to minimize the Company's obligation with respect to tax equalization for Employees or Consultants on assignments outside their home country.

13.15. *Compliance with Section 409A of the Code.* This Plan is intended to comply and shall be administered in a manner that is intended to comply with Section 409A of the Code and shall be construed and interpreted in accordance with such intent. To the extent that an Award or the payment, settlement or deferral thereof is subject to Section 409A of the Code, the Award shall be granted, paid, settled or deferred in a manner that will comply with Section 409A of the Code, including regulations or other guidance issued with respect thereto, except as otherwise determined by the Committee. Any provision of this Plan that would cause the grant of an Award or the payment, settlement or deferral thereof to fail to satisfy Section 409A of the Code shall be amended to comply with Section 409A of the Code on a timely basis, which may be made on a retroactive basis, in accordance with regulations and other guidance issued under Section 409A of the Code.

13.16. *No Registration Rights; No Right to Settle in Cash.* The Company has no obligation to register with any governmental body or organization (including, without limitation, the SEC) any of (a) the offer or issuance of any Award, (b) any Shares issuable upon the exercise of any Award, or (c) the sale of any Shares issued upon exercise of any Award, regardless of whether the Company in fact undertakes to register any of the foregoing. In particular, in the event that any of (x) any offer or issuance of any Award, (y) any Shares issuable upon exercise of any Award, or (z) the sale of any Shares issued upon exercise of any Award are not registered with any governmental body or organization (including, without limitation, the SEC), the Company will not under any circumstance be required to settle its obligations, if any, under this Plan in cash.

13.17. *Data Privacy.* As a condition of acceptance of an Award, the Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this Section by and among, as applicable, the Company and its Subsidiaries for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that the Company and its Subsidiaries hold certain personal information about the Participant, including the Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company or any Subsidiary, details of all Awards or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the purpose of implementing, managing and administering the Plan (the "Data"). The Participant further understands that the Company and its Subsidiaries may transfer the Data amongst themselves as necessary for the purpose of implementation, management and administration of the Participant's participation in the Plan, and that the Company and its Subsidiaries may each further transfer the Data to any third parties assisting the Company in the implementation, management, and administration of the Plan. The Participant understands that these recipients may be located in the Participant's country, or elsewhere, and that the recipient's country may have different data privacy laws and protections than the Participant's country. The Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Participant, through participation in the Plan and acceptance of an Award under the Plan, authorizes such recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Participant may elect to deposit any Shares. The Participant understands that the Data will be held only as long as is necessary to implement, manage, and administer the Participant's participation in the Plan. The Participant understands that he or she may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data, or refuse or withdraw the consents herein in writing, in any case without cost, by contacting his or her local human resources representative. The Participant understands that refusal or withdrawal of consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of refusal to consent or withdrawal of consent, the Participant understands that he or she may contact his or her local human resources representative.

13.18. *Indemnity.* To the extent allowable pursuant to applicable law, each member of the Committee or of the Board and any person to whom the Committee has delegated any of its authority under the Plan shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such person in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; provided he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company's Certificate of Incorporation or By-laws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

13.19. *Captions.* The captions in the Plan are for convenience of reference only, and are not intended to narrow, limit or affect the substance or interpretation of the provisions contained herein.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013

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 **(State or other jurisdiction of incorporation or organization)**	**13-0612970** **(I.R.S. Employer Identification No.)**
13925 Ballantyne Corporate Place, Suite 400, Charlotte, North Carolina **(Address of principal executive offices)**	**28277** **(Zip Code)**

(704) 869-4600
Registrant's telephone number, including area code:

Securities registered pursuant to Section 12(b) of the Act:
10 Waterview Boulevard 2nd Floor, Parsippany, New Jersey, 07054
(Former name, former address and former fiscal year, if changed since last report)

Title of each class	Name of each exchange on which registered
Common stock, par value $1 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

The aggregate market value of the voting and non-voting Common stock held by non-affiliates of the Registrant as of June 30, 2013 was approximately $1.7 billion.

The number of shares outstanding of the Registrant's Common stock as of January 31, 2014:

Class	Number of shares
Common stock, par value $1 per share	48,023,652

Documents Incorporated by Reference

Portions of the Proxy Statement of the Registrant with respect to the 2014 Annual Meeting of Stockholders to be held on May 2, 2014 are incorporated by reference into Part III of this Form 10-K.

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PART I

FORWARD-LOOKING STATEMENTS

Except for historical information, this Annual Report on Form 10-K may be deemed to contain "forward-looking statements" within the meaning of the Private 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 the negative 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. In addition, other risks, uncertainties, assumptions, and factors that could affect our results and prospects are described in this report, including under the heading "Item 1A. Risk Factors" and elsewhere, and may further be described in the our prior and future filings with the Securities and Exchange Commission and other written and oral statements made or released by us. Such forward-looking statements in this Annual Report on Form 10-K include, without limitation, those contained in Item 1. Business, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Item 8. Financial Statements and Supplementary Data, including, without limitation, the Notes to Consolidated Financial Statements, and Item 11. Executive Compensation.

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.

Item 1. *Business.*

BUSINESS DESCRIPTION

Curtiss-Wright Corporation is a global company that delivers highly engineered, critical function products and services to the commercial, industrial, defense and energy markets. We were formed in 1929 by the merger of the companies owned by the Wright brothers and Mr. Glenn Curtiss, both aviation pioneers. We are incorporated under the laws of the State of Delaware and headquartered in Charlotte, North Carolina. We are listed on the New York Stock Exchange (NYSE) and trade under the symbol CW.

Our strategy is to be an integrated, market-facing global company, seeking superior operating margin and return metrics, while maintaining a disciplined and balanced capital deployment strategy. We maintain a diversified business portfolio with revenues generated across our commercial, industrial, defense, and energy markets. Further, we intend to utilize our technical capabilities to maintain and expand our niche market positions.

We also continue to develop new core competencies and look for innovative ways to serve our customer base. Our technologies are intended to improve operating efficiency and meet demanding performance requirements. We compete globally primarily based on technology and pricing. Our business challenges include price pressure, environmental impact, and geopolitical events, such as the war on terrorism and diplomatic accords. Our ability to provide high-performance, advanced technologies on a cost-effective basis is fundamental to our strategy for meeting customer demand.

Business Segments

We manage and evaluate our operations based on the products we offer and the different markets we serve. Based on this approach we operate through three segments: Flow Control, Controls, and Surface Technologies.

Our principal manufacturing facilities are located in the United States in New York, Ohio, Oregon, North Carolina, Pennsylvania, and Texas, and internationally in Canada and the United Kingdom.

Flow Control

Our Flow Control segment specializes in the design and manufacture of highly engineered, critical-function products including valves, pumps, motors, generators, instrumentation, shipboard systems, vessels, control electronics, and energy production and processing solutions. These products manage the flow of liquids and gases, generate power, provide electronic operating systems, and monitor or provide critical functions. In 2013, net sales in our Flow Control segment of $1,300 million represented 52% of our total net sales.

This segment's primary markets are naval defense, power generation, oil and gas, and general industrial.

The Flow Control segment operates through four operating divisions: Electro-Mechanical Systems, Nuclear Group, Oil and Gas Systems, and Marine and Power Products.

Electro-Mechanical Systems

Our Electro-Mechanical Systems division produces advanced electro-mechanical and pumping solutions for the naval defense, power generation, oil and gas, and general industrial markets. The division designs and manufactures advanced critical function pumps, motors, generators, ship propulsors, mechanical seals, control rod drive mechanisms, power conditioning electronics, integrated motor controls, composite materials applications, and protection technologies solutions.

In the naval defense market, we are a supplier for a wide array of ship building programs including nuclear aircraft carrier and submarine programs, offering power and propulsion technologies, as well as auxiliary systems. This division develops, designs, manufactures, and performs qualification testing of critical-function, electro-mechanical solutions for its primary customer, the U.S. Navy, including main coolant pumps, critical-function pumps, power-dense compact motors, main and ship generators, and secondary propulsion systems. The division has served the U.S. Navy for over 50 years and is a preferred supplier or single source provider of pumps that are used in nuclear propulsion systems. The division also overhauls and provides critical spares for units serving the fleet on operational platforms. Current platforms include the Nimitz and Ford class aircraft carriers and the Virginia, Los Angeles, Seawolf, and Ohio Class submarines.

Electro-Mechanical Systems' products are also sold to the nuclear power generation market. We provide Reactor Coolant Pump (RCP) technology, pump seals, and control rod drive mechanisms for commercial nuclear power plants. We also have designed RCP technology for the Westinghouse AP1000 commercial nuclear reactor.

In the general industrial market, we design, develop, and manufacture integrated motor-controls and protection technology solutions for original equipment manufacturers (OEMs) and industrial customers. We engineer and manufacture a range of rugged, reliable, and internationally compliant products that control the amount of electrical current provided to motors. Our installed base of control units supports customers in the industrial heating, ventilation, and air conditioning (HVAC) market, as well as in the municipal and energy processing markets, including petrochemicals, power generation, mining, and transportation.

Nuclear Group

The Nuclear Group division designs, manufactures, distributes, and qualifies flow control products for nuclear power plants, nuclear equipment manufacturers, hydroelectric energy producers, the U.S. Department of Energy (DoE), and the U.S. Department of Defense (DoD). This division offers a range of hardware, including pumps, valves, pressure vessels, fastening systems, specialized containment doors, airlock hatches, electrical units, and software for mobile device based business solutions. In addition, we provide a range of products including obsolescence solutions, bolting solutions, nuclear storage solutions, spent fuel management solutions, non-destructive examination (NDE), and fluid sealing technologies. We provide diagnostic equipment, consulting, testing, and inspection services that help support plant-life extensions and power upgrades on all 100 operating reactors in the United States, as well as operating reactors located throughout the world.

We maintain regulatory certifications (known as "N-stamps") required to provide representations, certify, and qualify value-added nuclear-grade products both domestically and internationally. N-stamp certification indicates nuclear-grade status as designated by the Nuclear Regulatory Commission (NRC). We compete in this market through an array of nuclear technology, industry-benchmarked quality assurance programs, strategic alliances, resident expertise, and customer recognition.

Oil and Gas Systems

Our Oil and Gas Systems division provides energy production, processing, and environmental solutions; designs and manufactures valves, vessel products, and related equipment; and also provides Maintenance, Repair, and Overhaul (MRO) services and support to the global oil and gas industry. Primary products serving upstream and midstream customers include separators, combination separator/hydrator units, and flow back and oil treating equipment, as well as critical emissions control devices. The division also provides production and processing equipment to the U.S. shale oil and gas market. Products serving downstream refinery customers include coke unheading systems, fluidic catalytic cracking unit (FCCU) components, pressure relief valves, pressure protection systems, and engineering design tools for the refining, chemical, and process industries, and web-enabled control systems for refinery monitoring and process control.

In the process industry, our coke unheading system includes top and bottom unheading valves, isolation valves, cutting tools, valve automation, process control, and protection systems.

In addition, our FCCU product portfolio includes custom-designed valves, engineered pressure vessels, and complementary components that operate in industrial process applications including fluid, residual, and catalytic cracking units as well as power generation, steel manufacture, and ore reduction. We manufacture, repair, and modify orifice chambers, hydrotreaters, and American Society of Mechanical Engineers code pressure vessels. In addition, we provide field services, including equipment repair, modification, and replacement; inspection; maintenance planning and scheduling; diagnostic assistance; and on-site system training.

The division also is a supplier of global MRO products. Our safety relief valve and pressure protection system portfolio incorporates a broad range of valve sizes and ratings used in a wide range of chemical and process industry applications. The valves are marketed as individual components or at the subsystem/system level. The proprietary iPRSM® software provides a broad set of design and monitoring tools for process operators, incorporating the latest industry and regulatory standards.

Marine and Power Products

Our Marine and Power Products division produces high-performance, specialized valve solutions, designs and manufactures valves for commercial nuclear markets and valves, actuators and other shipboard naval systems including aircraft handling systems, cable handlings systems, and specialized electronic instrumentation and control equipment.

Our valve solutions control the flow of liquids and gases for vessels and equipment used in the defense, power generation, and general industrial markets. We design, engineer, and manufacture spring-loaded, pilot-operated pressure relief valves and solenoid operated valves, as well as ball valves used in standard and advanced applications, including high-cycle, high-pressure, extreme temperature, and corrosive plant environments. Our products are engineered to meet stringent performance and reliability requirements.

In the naval defense market, we design valves that are utilized in the nuclear propulsion systems of nuclear submarines and aircraft carriers commissioned by the U.S. Navy. The division also designs and manufactures electro-mechanical systems for securing and traversing military aircraft and helicopters aboard naval vessels. These shipboard aircraft and helicopter handling systems are used by the U.S. Navy and more than ten other navies around the world. We also design and build shipboard specialized structures, including telescopic hangars and doors. Specialized cable handling systems are designed and manufactured for towing active and passive sonar systems for both submarines and surface ships. This division also provides custom designed and commercial-off-the-shelf (COTS) electronic circuit boards and systems to the U.S. Navy.

For commercial markets, we provide specialized valves to commercial nuclear power plants and general processing industries worldwide. We also provide towbarless and conventional aircraft handling systems to the commercial aerospace industry. Competition is based upon quality of technology, price, installed base, and delivery times.

Backlog

Total backlog includes both funded (unfilled orders for which funding is authorized, appropriated, and contractually obligated by the customer) and unfunded backlog (firm orders for which funding has not been appropriated and/or contractually obligated by the customer). We are a subcontractor to prime contractors for the vast majority of our government business; as such substantially all amounts in backlog are funded. Backlog excludes unexercised contract options and potential orders under ordering type contracts (e.g. Indefinite Delivery / Indefinite Quantity). Backlog is adjusted for changes in foreign exchange rates and is reduced for contract cancellations and terminations in the period in which they occur. There were no significant contract cancellations which affected backlog in 2013.

Backlog for this segment at December 31, 2013, was $1,059 million, of which $722 million is expected to be shipped after one year, compared with backlog of $1,088 million at December 31, 2012.

Controls

Our Controls segment designs, develops, manufactures, and maintains mechanical actuation and drive systems, specialized sensors, motors and electronic controller units, and mission-critical embedded computing components and control systems. In 2013, net sales in our Controls segment of $898 million represented 36% of our total net sales.

This segment's primary markets are commercial aerospace, aerospace defense, ground defense, and general industrial.

Our Controls segment is managed through four operating divisions: Defense Solutions, Flight Systems, Avionics and Industrial, and Integrated Sensing.

Defense Solutions

Our Defense Solutions division designs, develops, and manufactures rugged embedded computing board-level modules and integrated subsystems, primarily for the aerospace and ground defense markets, and supports the U.S. Government's Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR) applications. Using standard, commercially available electronics technologies, coupled with application-domain specific knowledge, we offer Commercial Off The Shelf (COTS) hardware and software modules based on open industry standards. Our COTS modules and integrated subsystems are designed to perform in harsh conditions where space, weight, and power constraints are critical. Our products are designed to perform in extreme temperatures and environments, enduring high shock and vibration, as well as in commercial environments for use in laboratory and benign environment applications. In addition, we also provide C4ISR products and individual warfighter, Size, Weight, Power and Cost (SWaP-C) optimized solutions. We also offer high performance electronic packaging and thermal management systems using custom and standards-based enclosures. Our advanced subsystems are integrated using standard modules and custom modules based on in-house intellectual property content as well as third-party technology.

We are a single source supplier for high-density radar processing, data communications, digital signal processing, video and graphics, recording and network storage, analog acquisition and reconstruction, radar, and integrated subsystems.

In the air, Defense Solutions supports technologically advanced military platforms including the Boeing P-8 Poseidon and the Lockheed Martin F-35 Lightning II Joint Strike Fighter (F-35 JSF). This division also provides the advanced mission management system, flight control computers, and the sensor management units for advanced aerospace platforms including the Global Hawk, the U.S. Air Force's high-altitude and high-endurance unmanned aerial vehicle, as well as the U.S. Navy's variant of the Global Hawk platform called Triton.

On the ground, the division's subsystem products are used in a wide variety of applications for military ground vehicles, including fire control, aiming, and stabilization (primarily turret drive stabilization systems), munitions loading, and environmental processors. These products are used on U.S. combat platforms such as the Bradley Fighting Vehicle, the Abrams Tank, and the Stryker family of vehicles, as well as several international ground platforms throughout Europe.

Our products are sold primarily to prime contractors and subsystem suppliers located principally in the United States, United Kingdom, and Canada, both directly and through a network of independent sales representatives. Competition in the embedded electronic systems market has migrated away from traditional board competitors toward fully integrated subsystem and system providers, selling to prime and second-tier defense and aerospace companies. Competition in this market is based on quality of technology, price, and delivery time to market.

Flight Systems

Our Flight Systems division's product offerings to the commercial OEM and aerospace defense markets consist of electro-mechanical and hydro-mechanical actuation control components and systems that are designed to position aircraft control surfaces or operate flaps, slats, and utility systems such as canopies, cargo doors, weapons bay doors, and other moving devices used on aircraft. Aircraft applications include actuators and electro-mechanical control systems for the Boeing 737, 747, 747-8, 757, 767, 777, and 787 civil air transports, the Lockheed Martin F-16 Falcon fighter jet, the Boeing F/A-18 Hornet fighter jet, the P-8 Poseidon, the Bell Boeing V-22 Osprey, and the Sikorsky Black Hawk and Seahawk helicopters. The Flight Systems division is also developing flight control actuators and weapons handling systems for the F-35 JSF program. This division also provides commercial airlines, military and general aviation customers with component overhaul and repair of hydraulic, mechanical, and electro-mechanical components for a wide array of aircraft.

Flight Systems also designs, manufactures, and distributes electro-mechanical and electro-hydraulic actuation components and systems and electronic controls for military tracked and wheeled vehicles within the ground defense and commercial markets. These products include turret aiming and stabilization and weapons handling systems for armored military vehicles. In addition, we provide a range of general industrial products, such as fuel control valves for large commercial transport ships, stabilization systems, and a variety of commercial servo valves.

Flight Systems products are sold primarily through a direct domestic sales force and international network of independent sales representatives. Sales are made directly to OEMs, airlines, and government agencies.

Our Flight Systems products are sold in competition with a number of other suppliers, some of whom have broader product lines and greater financial, technical, and human resources. Competition is driven by price, technical capability, performance, service, and investment, together with an ability to offer solutions to perform control and actuation functions on new production programs.

Avionics and Industrial

The Avionics and Industrial division develops system-level products that acquire, consolidate, analyze, and record all of an aircraft's critical sensor and avionics data. The division also is a supplier of highly engineered commercial products used in a wide range of industrial applications such as transportation, on-and off-highway equipment, small to medium electric vehicles, broadcasting and recording, and motorsports.

Our systems are deployed in a wide range of airborne applications including aerospace controllers, flight recording, air data computing, flight test, and aircraft ice, fire, and hazard systems, as well as space data handling systems. Our avionics products are used on a diverse set of aircraft platforms, including the Boeing 737 and 747-8 commercial airplanes and the Apache, Black Hawk, Stallion and Chinook military helicopter platforms.

The division's airborne products include crash protected, mission, flight test, and usage data recorders which are designed to provide optimal performance in a wide range of environments. We also serve the avionics market as a supplier of flight test instrumentation and a broad range of sensors that provide key functionality in almost every type of vehicle, from aerial work platforms to championship Formula One race cars.

In the industrial transportation field, we serve three principal markets: on-highway, off-highway, and small-to-medium electric vehicles, delivering state-of-the-art performance to a diverse customer base. Our on-highway business is focused on class A trucks. Our off-highway business covers a multitude of vehicle types from John Deere tractors to specialty and utility vehicles. Our electric vehicles incorporate sophisticated wheelchairs, material handling, and high-end hybrid buses for inter-city transportation. Our products include electronic motor control systems, power management systems, electronic throttle control devices, sensors, joysticks and electronic shift-by-wire transmission controls. We also develop products for monitoring, recording, and controlling vehicles in service under extreme operating conditions, for critical applications such as position sensing, and controllers used in railway traction and maintenance vehicles.

Integrated Sensing

Our Integrated Sensing division develops and manufactures a broad range of sensors, controllers, and electronic control systems and subsystems for commercial aviation, aerospace defense, and general industrial markets. The division's smoke detection sensors, solenoids, and solenoid valve products provide critical functionality for a variety of platforms including hydraulic, pneumatic, and fuel systems. They are also used in cooling fan and motor designs. In addition, the division provides controllers, rotary sensors, and electro-mechanical actuation subsystems used in flight, engine, and environmental controls for aircraft and space applications.

Competitive differentiators for Integrating Sensing include technical leadership and support, product price, and customer service. Integrated Sensing products are marketed through facilities in the United Kingdom, Germany, and the United States.

Backlog

Backlog for this segment at December 31, 2013, was $653 million, of which $420 million is expected to be shipped after one year, compared with a backlog of $563 million at December 31, 2012. Substantially all amounts in backlog are funded, and there were no significant contract cancellations which affected backlog in 2013.

Surface Technologies

Our Surface Technologies segment provides technical services to enhance the performance and durability, extend the life, and prevent premature fatigue and failure on customer-supplied metal components. In 2013, net sales of our Surface Technologies segment of $313 million contributed 12% to our total net sales.

This segment's primary markets are commercial and defense aerospace, power generation, and general industrial markets, including automotive, transportation, construction equipment, and metal working industries.

This segment provides four primary technical services on highly stressed, critical function components: shot peening, laser peening, specialty coatings, and analytical services.

We focus on providing technical processing solutions for mission critical components. The functional properties of our processes extend the life and increase the performance of our customers' parts. Surface Technologies' operations are conducted throughout the world including in the United States, Canada, United Kingdom, Western Europe, and Asia, and a significant portion of our business is on new parts from leading OEMs for their sub tier suppliers. Our Surface Technologies' services are marketed by a direct sales force supported by centralized lead generation activities. We compete in this segment on the basis of quality, service, and price.

Shot Peening

Shot peening is a process by which the durability of metal parts is enhanced by bombarding the part's surface with spherical media, such as steel shot or ceramic or glass beads, creating a layer of residual compressive stress that results in enhanced resistance to fatigue and stress failure. In addition, shot peen forming shapes metal panels with aerodynamic curvatures, which are assembled as wing skins of commercial and military aircraft. Curtiss-Wright conducts shot peen forming on wing panels and other components for Airbus, Boeing, and other aerospace OEMs.

Laser Peening

Laser peening is a sophisticated surface treatment process that utilizes a proprietary high energy laser developed in conjunction with the Lawrence Livermore National Laboratory. Although it is similar in nature to shot peening, the laser peening process results in unprecedented resistance to fatigue and stress failure. It is used in production to form the wing skins on the Boeing 747-8 aircraft, and also to extend the life of critical commercial and industrial components, including critical turbine engine fan blades.

Specialty Coatings

Specialty coatings primarily consist of the application of solid film lubricant and corrosion resistant protective coatings to metal components used in critical applications for a broad range of industries. The coatings are applied by either an air spray or a dipping and spinning process for bulk applications.

We also supply thermal spray coatings to complement our existing portfolio of highly engineered coating technologies. Thermal spray coatings include high velocity oxygen fuel, plasma spray, and flame spray coatings.

We also have diversified our capabilities into the growing medical market by the addition of a vapor deposition process to apply parylene coatings to medical devices, including rubber and silicone seals and wire forming mandrels used in the manufacture of catheters. Parylene coatings provide resistance to solvents and moisture and are biocompatible.

Analytical Services

Analytical Services provides mechanical and metallurgical testing services to materials for the aerospace, power generation, and medical markets. This technology is used in the manufacturing value chain for components in premium industrial markets, providing a complete range of testing capabilities includes fatigue testing, metallurgical analysis, chemical analysis, mechanical testing, failure analysis, and training. Material testing is utilized in the on-going quality assurance of raw materials for production manufacturing as well as for the validation of new component designs. In addition to the aforementioned capabilities, this segment also provides nondestructive inspection, plating, and anodizing services.

Backlog

Backlog for this segment was $3 million, as of December 31, 2013 and 2012, all of which is expected to be recognized in the first quarter of 2014. Due to the nature of our Surface Technologies' business, we operate with a very limited backlog of orders. Thus, the backlog of this segment is not indicative of our future sales. This segment's sales and profitability are closely aligned with general industrial economic conditions and, in particular, the commercial aerospace market.

Other Information

Acquisitions

During 2013, we acquired 5 businesses and expect to continue to seek core "tuck in" acquisitions that are consistent with our long-term growth strategy.

Flow Control:

- The Marine and Power Products division acquired the outstanding shares of Phönix Holding GmbH for $97.9 million, net of cash acquired. Phönix, headquarter in Germany, is a designer and manufacturer of valves and valve systems, to the global chemical, petrochemical, and power (both convention and nuclear) markets.
- The Oil and Gas Systems division acquired the assets of Gulf33 Valve Pros, LLC, for $3.3 million in cash. Gulf33 provides valve repair and maintenance services to the offshore oil and gas market.

- The Nuclear Group division acquired the assets of Ovalpath, Inc. for $2.3 million in cash. Ovalpath is a developer of proprietary software platforms used in mobile-device based applications servicing the commercial nuclear power market.

Controls:

- The Defense Solutions division acquired the stock of Parvus Corporation for $37.1 million in cash. Parvus is a designer and manufacturer of rugged small form factor computers and communications subsystems for the aerospace, defense, homeland security, and industrial markets.
- The Avionics and Industrial division acquired the membership interests of Arens Controls, LLC for $95.6 million in cash. Arens is a designer and manufacturer of highly-engineered, precision operator interface controls, and power management systems for commercial and off-road industrial vehicles.

Certain Financial Information

For information regarding sales by geographic region, see Note 19 to the Consolidated Financial Statements contained in Part II, Item 8, of this Annual Report on Form 10-K.

In 2013, 2012, and 2011, our foreign operations generated 51%, 59%, and 43%, respectively, of our pre-tax earnings.

Pre-tax foreign earnings, as a percent of total pre-tax earnings, decreased in 2013, as compared to 2012, primarily due to certain significant items, described below, that lowered 2012 domestic earnings and did not recur in the current year. In addition, our PG Drives acquisition, which is primarily based in the United Kingdom, contributed to higher foreign earnings in 2013, as compared to 2012. Pre-tax foreign earnings, as a percent of total pre-tax earnings, increased in 2012, as compared to 2011, primarily due to the accretive impact and operational improvements from our 2011 ACRA acquisition within our Controls segment. The decrease in 2012 domestic pre-tax earnings is mainly attributable to expenses from the 2012 restructuring initiative and significant items within the Flow Control segment such as the strike at our EMD facility and changes in estimates on our AP1000 long term contract. The impact of these changes is further described in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Government Sales

Our direct sales to the U.S. Government and foreign government end use represented 30%, 37%, and 41% of consolidated revenue during 2013, 2012, and 2011, respectively. The decrease in government sales is primarily due to our strategy to diversify our business, which has been accomplished over the last three years through acquisitions serving commercial markets. U.S. Government sales, both direct and indirect, are generally made under standard types of government contracts, including fixed price, fixed price-redeterminable, and cost plus fixed or award fees.

In accordance with normal U.S. Government business practices, contracts and orders are subject to partial or complete termination at any time at the option of the customer. In the event of a termination for convenience by the government, there generally are provisions for recovery of our allowable incurred costs and a proportionate share of the profit or fee on the work completed, consistent with regulations of the U.S. Government. Fixed-price redeterminable contracts, usually provide that we absorb the majority of any cost overrun. In the event that there is a cost underrun, the customer recoups a portion of the underrun based upon a formula in which the customer's portion increases as the underrun exceeds certain established levels.

Generally, long-term contracts with the U.S. Government require us to invest in and carry significant levels of inventory. However, where allowable, we utilize progress payments and other interim billing practices on nearly all of these contracts, thus reducing the overall working capital requirements. It is our policy to seek customary progress payments on certain of our contracts. Where we obtain such payments under U.S. Government prime contracts or subcontracts, the U.S. Government has either title to or a secured interest in the materials and work in process allocable or chargeable to the respective contracts. (See Notes 1.F, 4, and 5 to the Consolidated Financial Statements, contained in Part II, Item 8, of this Annual Report on Form 10-K).

Customers

We have hundreds of customers in the various industries we serve. No commercial customer accounted for more than 10% of our total sales during 2013, 2012, or 2011.

Approximately 25%, 30%, and 34% of our total sales for 2013, 2012, and 2011, respectively, were derived from contracts with agencies of, and prime contractors to, the U.S. Government. Information on the Company's sales to the U.S. Government, including direct sales as a prime contractor and indirect sales as a subcontractor, is as follows:

	Year Ended December 31,		
	2013	2012	2011
		(In thousands)	
Flow Control	$293,788	$274,528	$299,196
Controls	305,741	313,207	343,900
Surface Technologies	33,292	40,015	39,353
Total Government sales	$632,821	$627,750	$682,449

Patents

We own and are licensed under a number of United States and foreign patents and patent applications, which have been obtained or filed over a period of years. We also license intellectual property to and from third parties. Specifically, the U.S. Government has licenses in our patents that are developed in performance of government contracts, and it may use or authorize others to use the inventions covered by such patents for government purposes. Additionally, unpatented research, development, and engineering skills, some of which have been acquired by us through business acquisitions, make an important contribution to our business. While our intellectual property rights in the aggregate are important to the operation of our business, we do not consider the successful conduct of our business or business segments to be materially dependent upon the timing of expiration or protection of any one or group of patents, patent applications, or patent license agreements under which we now operate.

Research and Development

We conduct research and development activities under customer-sponsored contracts, shared development contracts, and our own independent research and development activities. Customer-sponsored research and development costs are charged to costs of goods sold when the associated revenue is recognized. Funds received under shared development contracts are a reduction of the total development expenditures under the shared contract and are shown net as research and development costs. Company-sponsored research and development costs are charged to expense when incurred. Customer-sponsored research and development activity amounted to $5 million, $19 million, and $30 million, in 2013, 2012, and 2011, respectively. Research and development expenses amounted to $69 million, $60 million, and $62 million in 2013, 2012, and 2011, respectively.

Raw Materials

Raw materials are generally available in adequate quantities from a number of suppliers; however, in our Controls segment we may utilize sole-source suppliers. Thus, the failure and or inability of a sole-source supplier to provide product to the Controls segment could have an adverse impact on the segment's financial performance. While alternatives could be identified to replace a sole-source supplier, a transition could result in increased costs and manufacturing delays.

Environmental Protection

We are subject to federal, state, local, and foreign laws, regulations, and ordinances that govern activities or operations that may have adverse environmental effects, such as discharges to air and water. These laws, regulations, and ordinances may also apply to handling and disposal practices for solid and hazardous waste and impose liability for the costs of cleaning up and for certain damages resulting from sites of past spills, disposals, or other releases of hazardous substances.

At various times, we have been identified as a potentially responsible party pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA), and analogous state environmental laws, for the cleanup of contamination resulting from past disposals of hazardous wastes at certain current and former facilities and at sites to which we, among others, sent waste. CERCLA requires potentially responsible persons to pay for cleanup of sites from which there has been a release or threatened release of hazardous substances. Courts have interpreted CERCLA to impose strict joint and several liability on all persons liable for cleanup costs. As a practical matter, however, at sites where there are multiple potentially responsible persons, the costs of cleanup typically are allocated among the parties according to volumetric or other standards.

Information concerning our specific environmental liabilities is described in Notes 1.N and 16 to the Consolidated Financial Statements contained in Part II, Item 8, of this Annual Report on Form 10-K.

Executive Officers

Name	Current Position	Business Experience	Age	Executive Officer Since
Martin R. Benante	Executive Chairman	Executive Chairman of the Board of Directors of the Corporation since April 2000. Served as Chief Executive Officer of the Corporation from April 2000 prior to his retirement from that position in August 2013. He has been a Director of the Corporation since 1999.	61	1999
David C. Adams	President and Chief Executive Officer	President and Chief Executive Officer of the Corporation since August 2013. Prior to his promotion, he served as Chief Operating Officer from October 2012 and as Co-Chief Operating Officer from November 2008. He has been a Director of the Corporation since August 2013.	59	2005
Thomas P. Quinly	Chief Operating Officer	Chief Operating Officer of the Corporation since October 2013. Prior to his promotion, he served as Vice President of the Corporation from November 2010 and served as President of Curtiss-Wright Controls, Inc. from November 2008.	55	2010
Glenn E. Tynan	Vice President of Finance and Chief Financial Officer	Vice President of Finance and Chief Financial Officer of the Corporation since June 2002.	55	2000
Michael J. Denton	Vice President, Secretary, and General Counsel	Vice President, Secretary, and General Counsel of the Corporation since August 2001.	58	2001
Glenn G. Coleman	Vice President and Corporate Controller	Vice President and Corporate Controller of the Corporation since May 2008.	46	2008
Harry S. Jakubowitz	Vice President and Treasurer	Vice President of the Corporation since May 2007 and Treasurer of the Corporation since September 2005.	61	2005
Paul J. Ferdenzi	Vice President–Human Resources, Associate General Counsel, and Assistant Secretary	Vice President–Human Resources of the Corporation since November 2011 and has served as Associate General Counsel and Assistant Secretary of the Corporation since June 1999 and May 2001, respectively.	46	2011

Employees

At the end of 2013, we had approximately 10,000 employees, 6% of which are represented by labor unions and covered by collective bargaining agreements.

Available information

We file annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and proxy statements for our annual stockholders' meetings, as well as any amendments to those reports, with the Securities and Exchange Commission (SEC). The public may read and copy any of our materials filed with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including our filings. These reports are also available free of charge through our web site at *www.curtisswright.com* as soon as reasonably practicable after we electronically file.

Item 1A. ***Risk Factors.***

We have summarized below the significant, known material risks to our business. Our business, financial condition, and results of operations and cash flows could be materially and adversely impacted if any of these risks materialize. Additional risk factors not currently known to us or that we believe are immaterial may also impair our business, financial condition, and results of operations. The risk factors below should be considered together with information included elsewhere in this Annual Report on Form 10-K as well as other required filings by us to the Securities Exchange Commission, such as our Form 10-Q's, Form 8-K's, proxy statements for our annual shareholder meetings, and subsequent amendments, if any.

A substantial portion of our revenues and earnings depends upon the continued willingness of the U.S. Government and our other customers in the defense industry to buy our products and services.

In 2013, approximately 30% of our revenues were derived from or related to defense programs. U.S. defense spending has historically been cyclical, and defense budgets tend to rise when perceived threats to national security increase the level of concern over the country's safety. At other times, spending by the military can decrease. Competing demands for federal funds can put pressure on all areas of discretionary spending, which could ultimately impact the defense budget. A decrease in U.S. Government defense spending or changes in spending allocation could result in one or more of our programs being reduced, delayed, or terminated. Reductions in defense industry spending may or may not have an adverse effect on programs for which we provide products and services. In the event expenditures are reduced for products we manufacture or services we provide and are not offset by revenues from foreign sales, new programs, or products or services that we currently manufacture or provide, we may experience a reduction in our revenues and earnings and a material adverse effect on our business, financial condition, and results of operations.

As a U.S. Government contractor, we are subject to a number of procurement rules and regulations.

We must comply with and are affected by laws and regulations relating to the award, administration, and performance of U.S. Government contracts. Government contract laws and regulations affect how we do business with our customers and, in some instances, impose added costs on our business. A violation of specific laws and regulations could result in the imposition of fines and penalties or the termination of our contracts or debarment from bidding on contracts. These fines and penalties could be imposed for failing to follow procurement integrity and bidding rules, employing improper billing practices or otherwise failing to follow cost accounting standards, receiving or paying kickbacks, or filing false claims. We have been, and expect to continue to be, subjected to audits and investigations by government agencies. The failure to comply with the terms of our government contracts could harm our business reputation. It could also result in our progress payments being withheld.

In some instances, these laws and regulations impose terms or rights that are more favorable to the government than those typically available to commercial parties in negotiated transactions. For example, the U.S. Government may terminate any of our government contracts and, in general, subcontracts, at its convenience as well as for default based on performance. Upon termination for convenience of a fixed-price type contract, we normally are entitled to receive the purchase price for delivered items, reimbursement for allowable costs for work-in-process, and an allowance for profit on work actually completed on the contract or adjustment for loss if completion of performance would have resulted in a loss. Upon termination for convenience of a cost reimbursement contract, we normally are entitled to reimbursement of allowable costs plus a portion of the fee. Such allowable costs would normally include our cost to terminate agreements with our suppliers and subcontractors. The amount of the fee recovered, if any, is related to the portion of the work accomplished prior to termination and is determined by negotiation.

A termination arising out of our default could expose us to liability and have a material adverse effect on our ability to compete for future contracts and orders. In addition, on those contracts for which we are teamed with others and are not the prime contractor, the U.S. Government could terminate a prime contract under which we are a subcontractor, irrespective of the quality of our services as a subcontractor.

In addition, our U.S. Government contracts typically span one or more base years and multiple option years. The U.S. Government generally has the right to not exercise option periods and may not exercise an option period if the agency is not satisfied with our performance on the contract or does not receive funding to continue the program. U.S. Government procurement may adversely affect our cash flow or program profitability.

A significant reduction in the purchase of our products by the U.S. government could have a material adverse effect on our business. The risk that governmental purchases of our products may decline stems from the nature of our business with the U.S. government, where it may:

- terminate, reduce, or modify contracts or subcontracts if its requirements or budgetary constraints change;
- cancel multi-year contracts and related orders if funds become unavailable; and
- shift its spending priorities.

In addition, as a defense contractor, we are subject to risks in connection with government contracts, including without limitation:

- the frequent need to bid on programs prior to completing the necessary design, which may result in unforeseen technological difficulties and/or cost overruns;
- the difficulty in forecasting long-term costs and schedules and the potential obsolescence of products related to long-term, fixed price contracts;
- contracts with varying fixed terms that may not be renewed or followed by follow-on contracts upon expiration;
- cancellation of the follow-on production phase of contracts if program requirements are not met in the development phase;
- the failure of a prime contractor customer to perform on a contract;
- the fact that government contract wins can be contested by other contractors; and
- the inadvertent failure to comply with any the U.S. Government rules, laws and regulations, including the False Claims Act or the Arms Export Control Act.

Sequestration and regulatory changes related to the U.S. Government Defense Budget could negatively impact our revenues and results of operations.

In January 2014, President Obama signed into law the Consolidated Appropriations Act, 2014, an omnibus spending bill. The law provides $520.5 billion for defense and $491.7 billion for non-defense discretionary programs through September 30, 2014 and replaces what would have been the second round of across-the-board sequester cuts "sequestration" mandated by the 2011 Budget Control Act. The act provides for modest sequester relief in FY14 and provides the DoD additional stability and flexibility to entertain multi-year contracts. Despite these benefits, the DoD and contractors will still face significant challenges over the next decade as a result of sequestration. While such reductions to future DoD spending levels are largely undetermined, any reduction in levels of DoD spending, cancellations or delays impacting existing contracts or programs, including through sequestration, could have a material impact on the Corporation's results of operations, financial position, or cash flows.

The success of our growth strategy is dependent upon our ability to complete acquisitions and integrate acquired businesses.

Our strategy includes both growth through core "tuck-in" acquisitions and organic growth. As a result, our future growth depends in part on our ability to implement our acquisition strategy and successfully integrate acquired businesses into our existing operations. If we are unable to identify suitable candidates, negotiate appropriate acquisition terms, obtain financing, and successfully integrate acquired businesses into our existing operations, our growth strategy may not be successful. In addition, acquisitions involve numerous risks, including difficulties in the assimilation of the operations, technologies, and products of the acquired company, the potential loss of key employees of the acquired company, and the diversion of our management's attention from other business concerns. This is the case particularly in the fiscal quarters immediately following the completion of an acquisition since the operations of the acquired business are integrated into the acquiring businesses' operations during this period. We cannot be sure that we will accurately anticipate all of the changing demands that any future acquisition may impose on our management or on our operational, financial, and management information systems. Once integrated, acquired operations may not achieve levels of revenue, profitability, or productivity comparable to those of our existing operations or may otherwise not perform as we expected. We may fail to discover liabilities relating to a pending acquisition during the due diligence investigation, liabilities for which we, as the successor owner, might be responsible. Although we seek to minimize the impact of potential undiscovered liabilities by structuring acquisitions to minimize liabilities and obtaining indemnities and warranties from the selling party, these methods may not fully protect us from the impact of undiscovered liabilities. For example, indemnities or warranties are often limited in scope, amount, and duration and may not fully cover the liabilities for which they were intended. If indemnities or warranties are limited, the liabilities that are not covered by the limited indemnities or warranties could have a material adverse effect on our business and financial condition.

We use estimates when accounting for long-term contracts. Changes in estimates could affect our profitability and overall financial position.

Long-term contract accounting requires judgment relative to assessing risks, estimating contract revenues and costs, and making assumptions for schedule and technical issues. Due to the size and nature of many of our contracts, the estimation of total revenues and costs at completion is complicated and subject to many variables. For example, assumptions have to be made regarding the length of time to complete the contract as costs also include expected increases in wages and prices for materials. Similarly, assumptions have to be made regarding the future impact of efficiency initiatives and cost reduction efforts. Incentives, awards, price escalations, liquidated damages, or penalties related to performance on contracts are considered in estimating revenue and profit rates and are recorded when there is sufficient information to assess anticipated performance. It is possible that materially different amounts could be obtained, because of the significance of the judgments and estimation processes described above, if different assumptions were used or if the underlying circumstances were to change. Changes in underlying assumptions, circumstances, or estimates may have a material adverse effect upon future period financial reporting and performance. See "Critical Accounting Estimates and Policies" in Part II, Item 7 of this form 10-K.

If we fail to satisfy our contractual obligations our contracts may be terminated and we may incur significant costs or liabilities, including liquidated damages and penalties.

In general, our contracts may be terminated for our failure to satisfy our contractual obligations. In addition, some of our contracts contain substantial liquidated damages provisions and financial penalties related to our failure to satisfy our contractual obligations. For example, the terms of the Electro-Mechanical divisions' AP1000 China and AP1000 United States contracts with Westinghouse include liquidated damage penalty provisions for failure to meet contractual delivery dates if we caused the delay and the delay was not excusable. On October 10, 2013, we received a letter from Westinghouse stating entitlements to the maximum amount of liquidated damages allowable under the AP1000 China contract of approximately $25 million. To date, we have not met certain contractual delivery dates under the AP 1000 China contract; however there are significant uncertainties as to which parties are responsible for the delays, and we believe we have adequate legal defenses. Consequently, as a result of the above matters, we may incur significant costs or liabilities, including penalties, which could have a material adverse effect on our financial position, results of operations, or cash flows.

Our backlog is subject to reduction and cancellation, which could negatively impact our revenues and results of operations.

Backlog represents products or services that our customers have committed by contract to purchase from us. Total backlog includes both funded (unfilled orders for which funding is authorized, appropriated, and contractually obligated by the customer) and unfunded backlog (firm orders for which funding has not been appropriated and/or contractually obligated by the customer). The Corporation is a subcontractor to prime contractors for the vast majority of our government business; as such, substantially all amounts in backlog are funded. Backlog excludes unexercised contract options and potential orders under ordering type contracts (e.g. Indefinite Delivery / Indefinite Quantity). Backlog is adjusted for changes in foreign exchange rates and is reduced for contract cancellations and terminations in the period in which they occur. Backlog as of December 31, 2013 was $1,716 million. Backlog is subject to fluctuations and is not necessarily indicative of future sales. The U.S. government may unilaterally modify or cancel its contracts. In addition, under certain of our commercial contracts, our customers may unilaterally modify or terminate their orders at any time for their convenience. Accordingly, certain portions of our backlog can be cancelled or reduced at the option of the U.S. government and commercial customers. Our failure to replace cancelled or reduced backlog could negatively impact our revenues and results of operations.

Our future financial results could be adversely impacted by asset impairment charges.

At December 31, 2013, we had goodwill and other intangible assets, net of accumulated amortization, of approximately $1,582 million, which represented approximately 46% of our total assets. Our goodwill is subject to an impairment test on an annual basis and is also tested whenever events and circumstances indicate that goodwill may be impaired. Any excess goodwill resulting from the impairment test must be written off in the period of determination. Intangible assets (other than goodwill) are generally amortized over the useful life of such assets. In addition, from time to time, we may acquire or make an investment in a business that will require us to record goodwill based on the purchase price and the value of the acquired assets. We may subsequently experience unforeseen issues with such business that adversely affect the anticipated returns of the business or value of the intangible assets and trigger an evaluation of the recoverability of the recorded goodwill and intangible assets for such business. Future determinations of significant write-offs of goodwill or intangible assets as a result of an impairment test or any accelerated amortization of other intangible assets could have a material adverse impact on our results of operations and financial condition.

We operate in highly competitive markets.

We compete against companies that often have greater sales volumes and financial, research, human, and marketing resources than we have. In addition, some of our largest customers could develop the capability to manufacture products or provide services similar to products that we manufacture or services that we provide. This would result in these customers supplying their own products or services and competing directly with us for sales of these products or services, all of which could significantly reduce our revenues. Furthermore, we are facing increased international competition and cross-border consolidation of competition. Our management believes that the principal points of competition in our markets are technology, product quality, performance, price, technical expertise, and timeliness of delivery. If we are unable to compete successfully with existing or new competitors in these areas, our business, financial position, results of operations, or cash flows, could be materially and adversely impacted.

Our future growth and continued success is dependent upon our key personnel.

Our success is dependent upon the efforts of our senior management personnel and our ability to attract and retain other highly qualified management and technical personnel. We face competition for management and qualified technical personnel from other companies and organizations. Therefore, we may not be able to retain our existing management and technical personnel or fill new management or technical positions or vacancies created by expansion or turnover at our existing compensation levels. Although we have entered into change of control agreements with some members of senior management, we do not have employment contracts with our key executives. We have made a concerted effort to reduce the effect of the loss of our senior management personnel through management succession planning. The loss of members of our senior management and qualified technical personnel could have a material and adverse effect on our business.

Our international operations are subject to risks and volatility.

During 2013, approximately 29% of our consolidated revenue was from customers outside of the United States, and we have operating facilities in foreign countries. Doing business in foreign countries is subject to numerous risks, including without limitation: political and economic instability; the uncertainty of the ability of non-U.S. customers to finance purchases; restrictive trade policies; and complying with foreign regulatory and tax requirements that are subject to change. While these factors or the impact of these factors are difficult to predict, any one or more of these factors could adversely affect our operations. To the extent that foreign sales are transacted in foreign currencies and we do not enter into currency hedge transactions, we are exposed to risk of losses due to fluctuations in foreign currency exchange rates, particularly for the Canadian dollar, the Euro, Swiss franc, and the British pound. Significant fluctuations in the value of the currencies of the countries in which we do business could have an adverse effect on our results of operations.

We may be unable to protect the value of our intellectual property.

Obtaining, maintaining, and enforcing our intellectual property rights and avoiding infringing on the intellectual property rights of others are important factors to the operation of our business. While we take precautionary steps to protect our technological advantages and intellectual property and rely in part on patent, trademark, trade secret, and copyright laws, we cannot assure that the precautionary steps we have taken will completely protect our intellectual property rights. Because patent applications in the United States are maintained in secrecy until either the patent application is published or a patent is issued, we may not be aware of third-party patents, patent applications, and other intellectual property relevant to our products that may block our use of our intellectual property or may be used in third-party products that compete with our products and processes. When others infringe on our intellectual property rights, the value of our products is diminished, and we may incur substantial litigation costs to enforce our rights. Similarly, we may incur substantial litigation costs and the obligation to pay royalties if others claim we infringed on their intellectual property rights. When we develop intellectual property and technologies with funding from U.S. Government contracts, the government has the royalty-free right to use that property.

In addition to our patent rights, we also rely on unpatented technology, trade secrets, and confidential information. Others may independently develop substantially equivalent information and techniques or otherwise gain access to or disclose our technology. We may not be able to protect our rights in unpatented technology, trade secrets, and confidential information effectively. We require each of our employees and consultants to execute a confidentiality agreement at the commencement of an employment or consulting relationship with us. There is no guarantee that we will succeed in obtaining and retaining executed agreements from all employees or consultants. Moreover, these agreements may not provide effective protection of our information or, in the event of unauthorized use or disclosure, they may not provide adequate remedies.

Our operations are subject to numerous domestic and international laws, regulations, and restrictions, and noncompliance with these laws, regulations, and restrictions could expose us to fines, penalties, suspension, or debarment, which could have a material adverse effect on our profitability and overall financial condition.

We have contracts and operations in many parts of the world subject to United States and foreign laws and regulations, including the False Claims Act, regulations relating to import-export control (including the International Traffic in Arms Regulation promulgated under the Arms Export Control Act), technology transfer restrictions, repatriation of earnings, exchange controls, the Foreign Corrupt Practices Act, the U.K. Anti-Bribery Act, and the anti-boycott provisions of the U.S. Export Administration Act. Although we have implemented policies and procedures and provided training that we believe are sufficient to address these risks, we cannot guarantee that our operations will always comply with these laws and regulations. Failure by us or our sales representatives or consultants to comply with these laws and regulations could result in administrative, civil, or criminal liabilities and could, in the extreme case, result in suspension or debarment from government contracts or suspension of our export privileges, which could have a material adverse effect on our business.

We are subject to liability under environmental laws.

Our business and facilities are subject to numerous federal, state, local, and foreign laws and regulations relating to the use, manufacture, storage, handling, and disposal of hazardous materials and other waste products. Environmental laws generally impose liability for investigation, remediation, and removal of hazardous materials and other waste products on property owners and those who dispose of materials at waste sites, whether or not the waste was disposed of legally at the time in question. We are currently addressing environmental remediation at certain current and former facilities, and we have been named as a potentially responsible party along with other organizations in a number of environmental clean-up sites and may be named in connection with future sites. We are required to contribute to the costs of the investigation and remediation and to establish reserves in our financial statements for future costs deemed probable and estimable. Although we have estimated and reserved for future environmental remediation costs, the final resolution of these liabilities may significantly vary from our estimates and could potentially have an adverse effect on our results of operations and financial position.

Unanticipated changes in our tax provisions or exposure to additional income tax liabilities could affect our profitability.

Our business operates in many locations under government jurisdictions that impose income taxes. Changes in domestic or foreign income tax laws and regulations, or their interpretation, could result in higher or lower income tax rates assessed or changes in the taxability of certain revenues or the deductibility of certain expenses, thereby affecting our income tax expense and profitability. Corporate tax reform continues to be a priority in the U.S. and other jurisdictions. Changes to the tax system in the U.S. could have significant effects, positive or negative, on our effective tax rate and on our deferred tax assets and liabilities. In addition, audits by income tax authorities could result in unanticipated increases in our income tax expense.

Our current debt, and debt we may incur in the future, could adversely affect our business and financial position.

As of December 31, 2013, we had $960 million of debt outstanding, of which $959 million is long-term debt. Our level of debt could have significant consequences for our business including: requiring us to use our cash flow to pay the principal and interest on our debt, reducing funds available for acquisitions and other investments in our business; making us vulnerable to economic downturns and increases in interest rates; limiting us from obtaining additional debt; and impacting our ability to pay dividends.

A percentage of our workforce is employed under collective bargaining agreements.

Approximately 6% of our workforce is employed under collective bargaining agreements, which from time to time are subject to renewal and negotiation. We cannot ensure that we will be successful in negotiating new collective bargaining agreements, that such negotiations will not result in significant increases in the cost of labor, or that a breakdown in such negotiations will not result in the disruption of our operations. Although we have generally enjoyed good relations with both our unionized and non-unionized employees, if we are subject to labor actions, we may experience an adverse impact on our operating results.

For example, on August 24, 2012, the Electronic Mechanical Division (EMD) of Curtiss Wright's Flow Control segment experienced a strike at its Cheswick, Pennsylvania facility. The financial impacts of the strike were an $18 million and $6 million shift in revenue and operating income, respectively, from 2012 to 2013, due to the temporary suspension of work, and an additional $5 million unfavorable impact to operating income as a result of unrecoverable absorption of overhead costs.

Substantial defaults by our customers related to accounts receivable or the loss of significant customers could have a significant negative impact on our business, results of operations, financial condition or liquidity.

A significant portion of our working capital consists of accounts receivable from customers. If customers responsible for a significant amount of accounts receivable were to become insolvent or otherwise unable to pay for products and services, or were to become unwilling or unable to make payments in a timely manner, our business, results of operations, financial condition or liquidity could be adversely affected. An economic or industry downturn could adversely and materially affect the servicing of these accounts receivable, which could result in longer payment cycles, increased collection costs, and defaults in excess of management's expectations.

Our earnings and margins depend in part on subcontractor performance, as well as raw material and component availability and pricing.

Our businesses depend on suppliers and subcontractors for raw materials and components. At times subcontractors perform services that we provide to our customers. We depend on these subcontractors and vendors to meet their contractual obligations in full compliance with customer requirements. Generally, raw materials and purchased components are available from a number of different suppliers, though several suppliers are our sole source of certain components. If a sole-source supplier should cease or otherwise be unable to deliver such components, our operating results could be adversely impacted. In addition, our supply networks can sometimes experience price fluctuations. Our ability to perform our obligations as a prime contractor may be adversely affected if one or more of these suppliers are unable to provide the agreed-upon supplies or perform the agreed-upon services in a timely and cost-effective manner. While we have attempted to mitigate the effects of increased costs through price increases, there are no assurances that higher prices can effectively be passed through to our customers or that we will be able to offset fully or on a timely basis the effects of higher raw materials costs through price increases.

Our business involves risks associated with complex manufacturing processes.

Our manufacturing processes depend on certain sophisticated and high-value equipment. Unexpected failures of this equipment may result in production delays, revenue loss, and significant repair costs. In addition, equipment failures could result in injuries to our employees. Moreover, the competitive nature of our businesses requires us to continuously implement process changes intended to achieve product improvements and manufacturing efficiencies. These process changes may at times result in production delays, quality concerns, and increased costs. Any disruption of operations at our facilities due to equipment failures or process interruptions could have a material adverse effect on our business.

The airline industry is heavily regulated, and if we fail to comply with applicable requirements, our results of operations could suffer.

Governmental agencies throughout the world, including the U.S. Federal Aviation Administration (FAA) and the European Aviation Safety Agency, prescribe standards and qualification requirements for aircraft components, including virtually all commercial airline and general aviation products. Specific regulations vary from country to country, although compliance with FAA requirements generally satisfies regulatory requirements in other countries. We include, with the products that we sell to our aircraft manufacturing customers, documentation certifying that each part complies with applicable regulatory requirements and meets applicable standards of airworthiness established by the FAA or the equivalent regulatory agencies in other countries. In order to sell our products, we and the products we manufacture must also be certified by our individual OEM customers. If any of the material authorizations or approvals qualifying us to supply our products is revoked or suspended, then the sale of the subject product would be prohibited by law, which would have an adverse effect on our business, financial condition, and results of operations.

From time to time, the FAA or equivalent regulatory agencies in other countries propose new regulations or changes to existing regulations, which are usually more stringent than existing regulations. If these proposed regulations are adopted and enacted, we may incur significant additional costs to achieve compliance, which could have a material adverse effect on our business, financial condition, and results of operations.

Our future success will depend, in part, on our ability to develop new technologies.

Virtually all of the products produced and sold by us are highly engineered and require sophisticated manufacturing and system-integration techniques and capabilities. The commercial and government markets in which we operate are characterized by rapidly changing technologies. The product and program needs of our government and commercial customers change and evolve regularly. Accordingly, our future performance depends in part on our ability to identify emerging technological trends, develop and manufacture competitive products, and bring those products to market quickly at cost-effective prices.

Potential product liability risks exist from the products that we sell.

We manufacture highly engineered products, and such products may contain design or manufacturing errors or defects, which may result in product liability claims against us. For example, in December 2013, we, along with other unaffiliated parties, received a claim from Canadian Natural Resources Limited (CNRL) pertaining to a fire and explosion at a delayed coker unit at CNRL's Fort McMurray refinery which 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. We currently maintain what we believe to be suitable and adequate commercial, property and casualty, product liability, and other forms of insurance to cover this matter and other potential claims. There can be no assurance, however, that we will be able to maintain our insurance on acceptable terms or that such insurance will be provide adequate protection against these potential liabilities. In the event of a judgment against us on this matter or other claims against us, a lack of sufficient insurance coverage could have a material adverse effect on our business, financial condition, and results of operations. Moreover, even if we maintain adequate insurance, any successful claim could have a material adverse effect on our business, financial condition, results of operations, or cash flows, and on the ability to obtain suitable or adequate insurance.

Increasing costs of certain employee and retiree benefits could adversely affect our financial position, results of operations, or cash flows.

Our earnings may be positively or negatively impacted by the amount of income or expense we record for our pension and other postretirement benefit plans. U.S. GAAP requires that we calculate income or expense for the plans using actuarial valuations. These valuations reflect assumptions relating to financial market and other economic conditions. Changes in key economic indicators can change the assumptions. The most significant year-end assumptions used to estimate pension or other postretirement benefit expense for the following year are the discount rate, the expected long-term rate of return on plan assets, expected future medical cost inflation, and expected compensation increases. In addition, we are required to make an annual measurement of plan assets and liabilities, which may result in a significant change to equity through a reduction or increase to other comprehensive income. For a discussion regarding how our financial statements can be affected by pension and other postretirement benefit plans accounting policies, see "Management's Discussion and Analysis—Critical Accounting Estimates and Policies—Pension and Other Postretirement Benefits" in Part II, Item 7 of this Form 10-K. Although U.S. GAAP expense and pension or other postretirement contributions are not directly related, the key economic factors that affect U.S. GAAP expense would also likely affect the amount of cash the company would contribute to the pension or other postretirement plans. Potential pension contributions include both mandatory amounts required under federal law, Employee Retirement Income Security Act, and discretionary contributions to improve the plans' funded status. An obligation to make contributions to pension plans could reduce the cash available for working capital and other corporate uses.

Our operating results and financial condition may be adversely impacted by the current worldwide economic conditions.

We currently generate significant operating cash flows, which combined with access to the credit markets provides us with significant discretionary funding capacity. However, financial markets in the United States, Europe, and Asia have been experiencing extreme disruption in recent years, including, among other things, extreme volatility in security prices, severely diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of others. While currently these conditions have not impaired our ability to operate our business, there can be no assurance that there will not be a further deterioration in financial markets and confidence in major economies, which could impact customer demand for our products, as well as our ability to manage normal commercial relationships with our customers, suppliers, and creditors. We are unable to predict the likely duration and severity of a disruption in financial markets and adverse economic conditions and the effects they will have on our business and financial condition.

Future terror attacks, war, natural disasters, or other events beyond our control could adversely impact our businesses.

Despite our concerted effort to minimize risk to our production capabilities and corporate information systems and to reduce the effect of unforeseen interruptions to us through business continuity planning and disaster recovery plans, terrorist attacks, war, natural disasters, such as hurricanes, floods, tornados, pandemic diseases, or other events, such as strikes by a significant customer's or supplier's workforce, could adversely impact demand for or supply of our products and could also cause disruption to our facilities or systems, which could also interrupt operational processes and adversely impact our ability to manufacture our products and provide services and support to our customers. We operate facilities in areas of the world that are exposed to natural disasters, such as but not limited to hurricanes, floods, tornados, and pandemic diseases. Financial difficulties of our customers, delays by our customers in production of their products, high fuel prices, the concern of another major terrorist attack, and the overall decreased demand for our products could adversely affect our operating results and financial position.

Intrusion on our systems could damage our business.

We store sensitive data, including intellectual property, proprietary business information, and confidential employee information, on our servers and databases. Despite our implementation of firewalls, switchgear, and other network security measures, our servers, databases, and other systems may be vulnerable to computer hackers, physical or electronic break-ins, sabotage, computer viruses, worms, and similar disruptions from unauthorized tampering with our computer systems. We continue to review and enhance our computer systems to try to prevent unauthorized and unlawful intrusions, but in the future it is possible that we may not be able to prevent all intrusions. Such intrusions could result in our network security or computer systems being compromised and possibly result in the misappropriation or corruption of sensitive information or cause disruptions in our services. We might be required to expend significant capital and resources to protect against, remediate, or alleviate problems caused by such intrusions. Any such intrusion could cause us to be non-compliant with applicable laws or regulations, subject us to legal claims or proceedings, disrupt our operations, damage our reputation, and cause a loss of confidence in our products and services, any of which could have a material adverse effect on our business, financial condition, and results of operations.

There are risks associated with owning our common stock.

Like any equity security, our common stock is subject to a number of risks that may adversely impact our share price including: there is a limited trading market in our common stock; we may not in the future be able to pay dividends on our common stock; we may issue common stock for acquisitions or other purposes that could be dilutive to current stockholders; and we have various anti-takeover defenses such as our rights plan and our ability to issue preferred stock that may discourage a potential acquirer.

Item 1B. *Unresolved Staff Comments.*

None.

Item 2. ***Properties.***

Our corporate headquarters were located at a leased facility in Parsippany, New Jersey. As of January 1, 2014, we relocated our corporate headquarters to a leased facility in Charlotte, North Carolina. As of December 31, 2013, we had 222 facilities worldwide. Approximately 66% of our facilities operate as manufacturing and engineering, metal treatment, or aerospace overhaul plants, while the remaining 34% operate as selling and administrative office facilities. The number and type of facilities utilized by each of our reportable segments is summarized below:

Owned Facilities Location	Flow Control	Controls	Surface Technologies	Total
North America	18	3	9	30
Europe	3	1	11	15
Asia	1	—	1	2
Total	22	4	21	47

Leased Facilities Location	Flow Control	Controls	Surface Technologies	Total
North America	60	25	38	123
Europe	7	19	14	40
Asia	2	6	3	11
Total	69	50	55	174

Flow Control has principal manufacturing facilities located in Canada, Ohio, New York, Pennsylvania, and Texas. Controls has principal manufacturing facilities located in California, Canada, Oregon, and North Carolina. Surface Technologies has principal manufacturing facilities located in the United Kingdom. The buildings on the properties referred to in this Item are well maintained, in good condition, and are suitable and adequate for the uses presently being made of them. Management believes the productive capacity of our properties is adequate to meet our anticipated volume for the foreseeable future.

Item 3. ***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 adverse 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 have been named in approximately 243 pending lawsuits that allege injury from exposure to asbestos. In addition, to date, we have secured dismissals with prejudice and without prejudice in approximately 140 and 255 lawsuits, respectively, and are currently in discussions for similar dismissal of several other lawsuits, and have not 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 do maintain insurance coverage for these potential liabilities and we believe adequate coverage exists to cover any unanticipated asbestos liability.

Item 4. ***Mine Safety Disclosures.***

Not applicable.

PART II

Item 5. ***Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.***

MARKET INFORMATION

Our common stock is listed and traded on the New York Stock Exchange under the symbol CW.

Stock Price Range	2013		2012	
Common Stock	High	Low	High	Low
First Quarter	$37.18	$33.46	$41.91	$35.35
Second Quarter	37.48	30.64	37.39	29.07
Third Quarter	48.40	36.46	33.11	28.55
Fourth Quarter	62.92	44.71	33.41	28.95

As of January 1, 2014, we had approximately 4,631 registered shareholders of our common stock, $1.00 par value.

DIVIDENDS

In the second quarter of 2013, the Corporation increased its dividend to ten cents per share, an 11.1% increase over the prior year dividend of nine cents per share.

	2013	2012
Common Stock		
First Quarter	$0.09	$0.08
Second Quarter	0.10	0.09
Third Quarter	0.10	0.09
Fourth Quarter	0.10	0.09

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information regarding our equity compensation plans as of December 31, 2013 the end of our most recently completed fiscal year:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants, and rights	Weighted average exercise price of outstanding options, warrants, and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by security holders	3,184,313(a)	$34.68	2,540,731(b)
Equity compensation plans not approved by security holders	None	Not applicable	Not applicable

(a) Consists of 3,007,702 shares issuable upon exercise of outstanding options and vesting of performance shares, restricted shares, and restricted stock units under the 2005 Long-Term Incentive Plan, 82,846 shares issuable under the Employee Stock Purchase Plan, and 93,765 shares outstanding under the 2005 Stock Plan for Non-Employee Directors.

(b) Consists of 1,710,472 shares available for future option grants under the 2005 Long-Term Incentive Plan, 828,168 shares remaining available for issuance under the Employee Stock Purchase Plan, and 2,091 shares remaining available for issuance under the 2005 Stock Plan for Non-Employee Directors.

Issuer Purchases of Equity Securities

The following table provides information about our repurchases 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 December 31, 2013.

	Total Number of shares purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program	Maximum Number of Shares that may yet be Purchased Under the Program
October 1–October 31	–	$–	–	2,599,213
November 1–November 30	–	–	–	2,599,213
December 1–December 31	–	–	–	2,599,213
For the quarter ended	–	$–	–	2,599,213

We repurchase shares under a program announced on September 28, 2011, which authorizes the Corporation to repurchase up to 3,000,000 shares of our common stock, in addition to approximately 690,000 shares remaining under a previously authorized share repurchase program, and is subject to a $100 million repurchase limitation. 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.

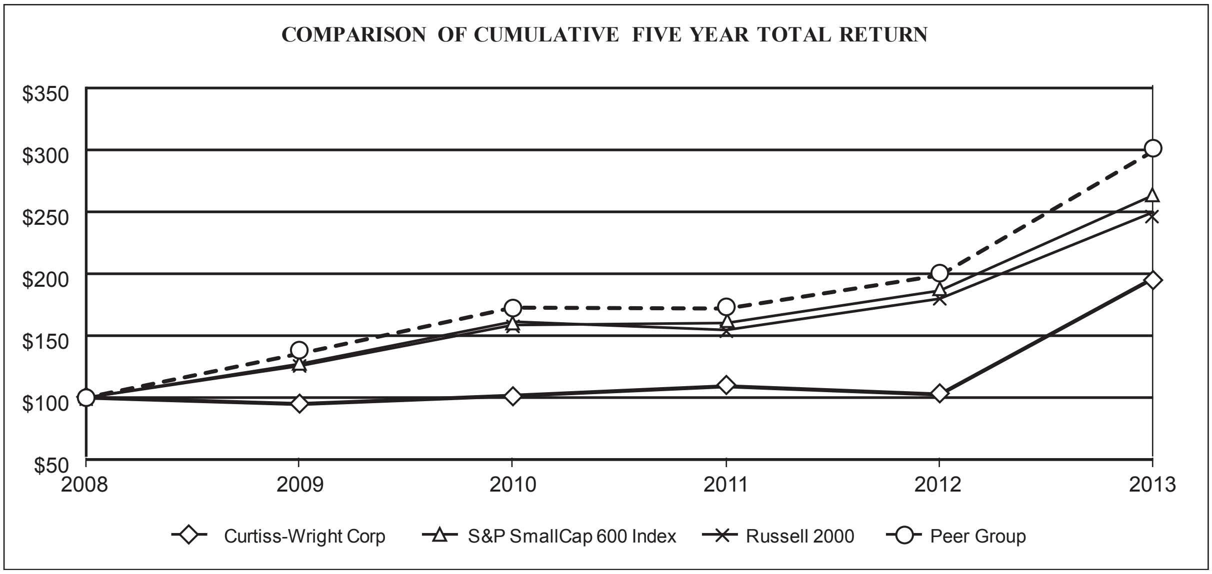
The following performance graph does not constitute soliciting material and should not be deemed filed or incorporated by reference into any of our other filings under the Securities Act or the Securities Exchange Act of 1934, except to the extent we specifically incorporate this information by reference therein.

PERFORMANCE GRAPH

The following graph compares the annual change in the cumulative total return on our Company's Common Stock during the last five fiscal years with the annual change in the cumulative total return of the Russell 2000 Index, the S&P SmallCap 600 Index, and our self-constructed proxy peer group. The proxy peer group companies are as follows:

AAR Corp
Actuant Corp
Applied Industrial Technologies Inc
B/E Aerospace Inc
Barnes Group Inc
CIRCOR International Inc
Crane Co.
Cubic Corp
EnPro Industries Inc.
Esterline Technologies Corp.
Flowserve Corp.
GenCorp Inc.
Hexcel Corp
IDEX Corporation
Kaman Corp
Moog Inc.
Mueller Water Products Inc
Orbital Sciences Corp
Rockwell Collins Inc.
Spirit Aerosystems Holdings Inc
Teledyne Technologies Inc.
Triumph Group Inc.
Woodward Inc

The graph assumes an investment of $100 on December 31, 2008 and the reinvestment of all dividends paid during the following five fiscal years.



Company / Index	2008	2009	2010	2011	2012	2013
Curtiss-Wright Corp	**100**	94.79	101.51	109.12	102.50	196.14
S&P SmallCap 600 Index	**100**	125.57	158.60	160.22	186.37	263.37
Russell 2000	**100**	127.17	161.32	154.59	179.86	249.69
Peer group	**100**	135.46	172.64	171.90	198.73	298.92

Item 6. ***Selected Financial Data.***

The following table presents our selected financial data from continuing operations. The table should be read in conjunction with Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, and Item 8, *Financial Statements and Supplementary Data*, of this Annual Report on Form 10-K.

Five-Year Financial Highlights

CONSOLIDATED SELECTED FINANCIAL DATA

	2013	2012	2011	2010	2009
	(In thousands, except per share data)				
Net sales	$2,510,771	$2,097,716	$2,016,742	$1,854,513	$1,781,979
Net earnings from continuing operations	137,981	92,289	118,620	97,884	93,170
Total assets	3,458,274	3,114,588	2,635,547	2,233,141	2,137,958
Total debt	959,938	880,215	586,430	396,644	465,093
Earnings per share from continuing operations:					
Basic	$ 2.94	$ 1.98	$ 2.56	$ 2.14	$ 2.06
Diluted	$ 2.88	$ 1.95	$ 2.52	$ 2.12	$ 2.04
Cash dividends per share	$ 0.39	$ 0.35	$ 0.32	$ 0.32	$ 0.32

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations.***

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 had on the current year results, for which there was no comparable prior-year period. Therefore, the results of operations for acquisitions are incremental for the first twelve months from the date of acquisition. The remaining businesses are referred to as the “organic”. The definition of “organic” excludes the effect of foreign currency translation.

Company Organization

Our Management’s Discussion and Analysis of Financial Condition and Results of Operations begins with an overview of our company, followed by economic and industry-wide factors impacting our company and the markets we serve, a discussion of the overall results of operations, and finally a more detailed discussion of those results within each of our reportable operating segments.

We manage and evaluate our operations based on the products and services we offer and the different industries and markets we serve. Based on this approach, we have three reportable segments: Flow Control, Controls, and Surface Technologies. For further information on our products and services and the major markets served by our three segments, refer to the Business Description in Part I, Item I of this Annual Report on Form 10-K.

Market Analysis and Economic Factors

Economic Factors Impacting Our Markets

General Economy

Many of Curtiss-Wright’s industrial businesses are driven in large part by global economic growth. World economies continue to slowly recover from the 2008-2009 global recession, as well as from the aftermath of the tsunami that struck Japan early in 2011. However, pockets of global economic instability remain, particularly in Europe. In 2013, the U.S. economy, as measured by real gross domestic product (GDP), showed only modest growth of 1.9%, according to the most recent estimate, compared with a 2.8% increase in 2012 and a 1.8% increase in 2011. While U.S. GDP continues to grow modestly from the global economic recession, the U.S. continues to deal with high levels of unemployment, higher taxes, and uncertainty in the housing market.

Looking ahead to 2014, the broader U.S. economy is expected to continue to recover at a moderate pace, with current estimates for U.S. real GDP growth ranging from 2.5% to 3.0%. However, world economies may continue to experience volatility due to the impact of Europe’s debt crisis and possible contagion effects that could undermine economic growth in Europe and the rest of the world. Overall, 2014 GDP growth in world economies is expected to be higher than 2013, led by Brazil, Russia, India, and China, while European economies are expected to increase slightly. Given that backdrop, we remain cautiously optimistic that our commercial and industrial markets will continue to improve in 2014.

Defense

During 2013, approximately 30% of our business was attributed to the defense sector, predominantly in the United States, and characterized by long-term programs and contracts driven primarily by the DoD budgets and funding levels. We have a well-diversified portfolio of products and services that supply all branches of the U.S. military, with content on many high performance programs and platforms.

The U.S. Defense budget serves as a leading indicator of our defense market, and its future outlook has been marked with some uncertainty. Following a period of significant growth in defense spending and related supplemental budgets in the previous decade, future defense spending, as it relates to U.S. Defense spending, is expected to be flat over the next five years. In January 2014, President Obama signed into law the Consolidated Appropriations Act, 2014, an omnibus spending bill. The law provides $520.5 billion for defense and $491.7 billion for non-defense discretionary programs through September 30, 2014 and replaces what would have been the second round of across-the-board sequester cuts “sequestration” mandated by the 2011 Budget Control Act. The act provides for modest sequester relief in FY14 and provides the DoD additional stability and flexibility to entertain multi-year contracts.

While we monitor the budget process as it relates to programs in which we participate, we cannot predict the ultimate impact of future DoD budgets, which tend to fluctuate year-by-year and program-by-program. As a result, some of the budget reductions and program cancellations may negatively impact programs in which we participate. In our ground defense market, we anticipate ground vehicle upgrades and modernization programs to continue to be funded over the next five years, although the timing is uncertain following years of rapid growth from the supplemental defense budgets and the ongoing draw down of our forces from overseas operations. Additionally, we expect to benefit from increased funding levels on C4ISR, electronic warfare, unmanned systems, and communications programs within our aerospace defense market. In our naval defense market, we expect continued funding for the U.S. shipbuilding program, particularly as it relates to production on the CVN-79 Ford class aircraft carrier.

Commercial Aerospace

Approximately 17% of our revenue is derived from the global commercial aerospace market, including the commercial jet, regional jet, and commercial helicopter markets. Our primary focus in this market is OEM products and services for commercial jets where we provide a combination of flight control and utility actuation systems, sensors, and other sophisticated electronics, as well as shot and laser peening services, to our primary customers, in Boeing and Airbus. Shot and laser peening are also utilized on highly stressed components of turbine engine fan blades, landing gear, and aircraft structures.

The largest driver of our commercial aerospace business is OEM parts, which is highly dependent on new aircraft production. Industry data supports a solid increase in commercial aircraft deliveries over the next few years, as 2011 marked the first year in a multi-year production up-cycle for the commercial aerospace market. In the current cycle, OEM-oriented companies are expected to perform well, due to planned increases in production by Boeing and Airbus, on both legacy and new aircraft, with record-high backlogs on the latter. In addition, according to the International Air Transport Association (IATA), air travel continues to be robust and is likely to reach almost 3.3 billion passenger miles in 2014, although air freight is likely to remain relatively flat. As such, following a solid performance over the past three years, the commercial aerospace business is expected to continue its growth in 2014. Industry experts also expect a modest growth outlook for both regional and business jets.

Oil and Gas

Approximately 18% of our revenue is derived from the oil and gas market. We have a diverse offering of products to the oil and gas market, including critical-function valves, valve systems, large process vessels, control electronics, and surface treatment services on highly stressed metal components. Late in 2012, we expanded our offering to service the emerging shale oil and gas market, including hydraulic fracturing (fracking) techniques, and are now able to support upstream, midstream and downstream product offerings. We also maintain a significant MRO business that has been growing steadily for our pressure-relief valve technologies as refineries opportunistically service or upgrade equipment that has been operating at full capacity in recent years. In 2013, our oil and gas revenues were diversified between the upstream production, processing and environmental solutions business, our global MRO business, and our large capital projects business.

The most prevalent driver impacting this market is capital spending by refiners for maintenance, upgrades, capacity expansion, safety improvements, and compliance with environmental regulations, which is experienced by both our domestic and international customers. Refiner profitability and global crude oil prices in general will impact their capital spending levels. In 2013, the oil and gas market continued to be hampered by a reduction in new capital equipment orders due to a lack of capital spending, particularly in international markets, despite a strong rebound in MRO activity.

Crude oil prices, based on West Texas Intermediate (WTI), averaged slightly less than $98/bbl in 2013, reflecting generally moderate economic activity in the U.S. and Europe and increasing North American supply. WTI crude oil prices are forecasted to average $93/bbl in 2014 and $90/bbl during 2015, according to the Energy Information Administration (EIA), reflecting higher total crude oil production in 2013 despite ongoing uncertainty in several international markets. EIA expects the discount of the WTI crude oil price to Brent Crude Oil to average $12/bbl in 2014. This increase in the projected WTI discount reflects increasing uncertainty of the existing refinery infrastructure's ability to absorb growing production of light sweet crude oil in North America at current prices.

Looking ahead, we believe a base level of maintenance capital spending will result in continued MRO demand. Furthermore, as global economies continue to rebound, we anticipate a modest turnaround in our large capital projects business. This includes our complete coker deheading system, which enables safer coke drum operation during the refining process. We also will look to capitalize on opportunities in the emerging shale oil and gas market, where we supply energy production and processing equipment and environmental solutions.

Longer term, as global dependence on natural resources persists, oil exploration deepens, and transport requirements widen, we anticipate additional opportunities will arise for energy products. Additionally, global environmental concerns will drive incremental spending to comply with more stringent emissions standards. We continue to take a long-term view that energy and energy production, transmission, and consumption will provide a foundation of economic growth.

Power Generation

Approximately 18% of our revenue is derived from the commercial nuclear power generation market, where we supply a variety of highly engineered products and services, including reactor coolant pumps, control rod drive mechanisms, valves, motors, spent fuel management, containment doors, bolting solutions, and enterprise resource planning and plant process controls through our Energy segment.

According to the NRC, nuclear power comprises approximately 20% of all the electric power produced in the United States, with 100 reactors operating across 65 nuclear power plants in 31 states. Our strong growth in recent years is a result of the U.S. plant recertification process. Nearly all of the operating U.S. nuclear power plants have applied for or will be applying for 20-year plant life extensions as they reach the end of their current 40-year operating lives. As of December 31, 2013, 73 reactors have received plant life extensions, applications from 14 additional reactors have been submitted and are pending approval, and letters of intent to apply have been submitted from 15 more reactors with expected application submittal dates from 2014 through 2020. During 2012, U.S. courts rejected the NRC's waste confidence decision, requiring a general environmental impact study and evaluation of the storage of spent nuclear fuel before further life extensions will be approved. As a result of this legislation, no further license approvals (beyond the 73 completed or currently in process) will be granted until the waste confidence decision has been resolved, which is expected to take place in the fourth quarter of 2014. Curtiss-Wright's diverse product offering may aid any necessary studies or spent fuel management solutions.

Additionally, as assessments and analysis from the events at Fukushima continue to drive safety and reliability improvements, we have seen and continue to expect increased opportunities worldwide for our vast portfolio of advanced nuclear technologies that are specifically designed to enhance plant safety, fire safety, seismic design and controls, spent fuel storage, backup site power, and also comply with other regulatory requirements on existing plants, particularly the Tier 1 regulations proposed by the NRC.

In addition to plant recertifications, there are several emerging factors that could precipitate an expansion in global commercial nuclear power demand over the next several years. The EIA forecasts that worldwide total energy consumption is expected to increase at an average annual rate of 0.3% between 2011 and 2040. Continued growth in global demand for electricity, especially in developing countries with limited supply such as China and India, will require increased capacity. In addition, the continued supply constraints and environmental concerns attributed to the current dependence on fossil fuels have led to a reassessment of the value of nuclear technology as the most efficient and environmentally friendly source of energy available today. As a result, we expect growth opportunities in this market both domestically and internationally, although the timing of orders remains uncertain.

Domestically, four new build reactors are under construction, and applications for 22 new reactors at 13 power plants have been submitted to the NRC. Thus far, the Westinghouse AP1000 reactor design, for which we are the sole supplier of reactor coolant pumps, has been selected for 12 of the potential new reactors.

Internationally, new nuclear plant construction is active. Currently, there are approximately 72 new plants under construction in 15 countries, with approximately 172 planned and over 312 more proposed. In particular, China intends to expand its nuclear power capabilities significantly through the construction of new nuclear power plants over the next several years.

As a result, we expect to see continued solid new order activity and increased sales for our vast array of nuclear technologies due to ongoing maintenance and upgrade requirements on operating nuclear plants, a renewed interest in products to aid safety and extend the reliability of existing reactors, and the continued emphasis on global nuclear power construction.

General Industrial

Approximately 17% of our revenue is derived from our diversified offering to the general industrial market, which consists of industrial sensors and control systems, surface treatment services, and motor and machine control systems. We supply our products and service to OEMs and industrial customers, including the transportation, commercial trucking, off-road equipment, construction, HVAC, automotive, and medical industries. Our performance in this market is typically sensitive to the performance of the U.S. and global economies, with gains in global GDP and industrial production leading to higher volumes, particular for our surface treatment services.

For 2013, we experienced a modest increase in our general industrial market, primarily related to improved performance in sensors and controls systems, most notably for electronic throttle controls, shift controls, and traction control systems, as well as surface treatment services including shot peening, engineered coatings, and analytical services. Increased demand for electronic control systems and sensors has been driven by the need for improved operational efficiency, safety, repeatability, reduced emissions, and greater fuel efficiencies to customers worldwide. Looking ahead, based on expectations for steadily improved economic conditions both domestically and internationally in 2014, the general industrial market is likely to experience continued modest growth based on higher volumes across several industries in which we participate.

Results of Operations

	Year Ended December 31,			Percent changes	
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011
	(In thousands, except percentages)				
Sales:					
Flow Control	$1,299,679	$1,095,349	$1,060,774	19%	3%
Controls	898,168	726,678	709,159	24%	2%
Surface Technologies	312,924	275,689	246,809	14%	12%
Total sales	$2,510,771	$2,097,716	$2,016,742	20%	4%
Operating income:					
Flow Control	$ 116,510	$ 78,779	$ 103,421	48%	(24)%
Controls	108,558	86,515	75,423	25%	15%
Surface Technologies	50,992	27,494	31,476	85%	(13)%
Corporate and eliminations	(42,441)	(31,342)	(23,466)	(35)%	(34)%
Total operating income	$ 233,619	$ 161,446	$ 186,854	45%	(14)%
Interest expense	(37,020)	(26,329)	(20,834)	41%	26%
Other income, net	1,354	245	862	453%	(72)%
Earnings before income taxes	197,953	135,362	166,882	46%	(19)%
Provision for income taxes	(59,972)	(43,073)	(48,262)	39%	(11)%
Earnings from continuing operations	$ 137,981	$ 92,289	$ 118,620	50%	(22)%
New orders	$2,508,432	$1,981,010	$2,029,414		
Backlog	$1,715,622	$1,653,942	$1,694,650		

Sales

Sales increased $413 million, or 20%, in 2013, as compared with 2012. The increase in sales in 2013 is primarily due to an increase in sales in our Flow Control and Controls segments of $204 million and $171 million, respectively. The increase in sales in our Flow Control and Controls segment were primarily due to the incremental impact of acquisitions of $204 million and $170 million, respectively. The increase in sales in our Surface Technologies segment was due to the incremental impact of acquisitions of $26 million and to a lesser extent strong organic demand for our shot peening, coatings, and analytical services.

Sales increased $81 million, or 4%, in 2012, as compared with 2011. The increase in sales in 2012 is primarily due to an increase in sales in our Flow Control and Surface Technologies segments of $35 million and $29 million, respectively. The increase in sales in our Flow Control segment was primarily due to the incremental impact of acquisitions of $50 million, while the increase in sales in our Surface Technologies segment was due to strong demand for our shot peening, coatings, and analytical services and the incremental impact of acquisitions.

Net sales by market

	Year Ended December 31,			Percent changes	
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011
	(In thousands, except percentages)				
Defense markets:					
Aerospace	$ 277,593	$ 307,263	$ 310,515	(10)%	(1)%
Ground	93,472	107,411	119,381	(13)%	(10)%
Naval	373,095	337,698	362,826	10%	(7)%
Other	16,711	27,146	32,534	(38)%	(17)%
Total Defense	$ 760,871	$ 779,518	$ 825,256	(2)%	(6)%
Commercial markets:					
Aerospace	$ 418,364	$ 363,832	$ 299,816	15%	21%
Oil and Gas	448,418	253,745	241,369	77%	5%
Power Generation	462,041	433,747	385,452	7%	13%
General Industrial	421,077	266,874	264,849	58%	1%
Total Commercial	$1,749,900	$1,318,198	$1,191,486	33%	11%
Total Curtiss-Wright	$2,510,771	$2,097,716	$2,016,742	20%	4%

Components of sales and operating income growth (decrease):

	2013 vs. 2012		2012 vs. 2011	
	Sales	Operating Income	Sales	Operating Income
Organic	1%	32%	—%	(12)%
Acquisitions/divestitures	19%	11%	5%	(1)%
Foreign currency	—%	2%	(1)%	(1)%
Total	20%	45%	4%	(14)%

Year ended December 31, 2013 compared to year ended December 31, 2012

Sales

Defense sales decreased $19 million, or 2%, as compared to the prior year period, primarily due to lower sales in the aerospace defense and ground defense markets. In our Flow Control segment, naval defense sales increased due to increased production on the CVN-79, the ramping up of production on the Virginia Class submarine program, and a new shipboard helicopter handling systems contract. This was partially offset by lower levels of production on the DDG-1000 and DDG-51 destroyer programs and completion of production on the Advanced Arresting Gear program. In our Controls segment, sales decreased primarily in the aerospace defense and ground defense market. The decrease in sales in the aerospace defense market was primarily due to lower production levels on the Black Hawk and lower sales of embedded computing and sensors and controls products supporting various helicopter programs. In the ground defense market, sales decreased primarily due to lower production levels on the Bradley platform and lower comparable sales of embedded computing products.

Commercial sales increased $432 million, or 33%, to $1,750 million, as compared to the prior year period, mainly due to the incremental impact of acquisitions, which primarily contributed to higher sales in the oil and gas and general industrial markets. Organic commercial sales increased 3% from the comparable prior year period. In our Flow Control segment, organic commercial sales decreased due to lower sales in the general industrial market as a result of a previously announced and expected customer loss in the commercial heating, ventilation, and air conditioning (HVAC) business. In our Controls segment, organic commercial sales increased primarily due to higher sales of both our flight control products on all major Boeing aircraft and specialty production support on Boeing's 787 aircraft in the commercial aerospace market. In our Surface Technologies segment, organic commercial sales increased primarily due to an increase in volume in our coatings services as we continue to benefit from the ramp up in OEM production rates.

Operating income

During the year ended December 31, 2013, operating income increased $72 million, or 45%, to $234 million, compared with the same period in 2012, while operating margin increased 160 basis points to 9.3%. Acquisitions contributed incremental operating income of $17 million but were 100 basis points dilutive to operating margin. Acquisitions are generally dilutive to operating margin during their first year due to purchase price accounting adjustments and higher levels of intangible amortization expense. On a segment basis, the increase in operating income in our Flow Control segment of $38 million, or 48%, to $117 million, was primarily due to certain charges that occurred in the prior year period that did not recur in the current year period, as described in the Flow Control results of operations discussion, and the incremental contribution from our Cimarron acquisition. In our Control's segment, operating income increased $22 million, or 25%, to $109 million, primarily due to a $7 million incremental impact of acquisitions, a $3 million curtailment gain as a result of changes in our U.K. Pension Plans, and improved profitability in our defense businesses as a result of prior year restructuring initiatives. In our Surface Technologies segment, operating income increased $23 million, or 85%, to $51 million, due to $12 million of prior year restructuring charges that did not recur in the current year and related benefits of the restructuring activities, as well as increased organic coating sales, primarily in the commercial aerospace market.

Non-segment operating expense

Non-segment operating expense increased $11 million, to $42 million, primarily due to higher pension expenses and higher foreign currency exchange losses.

Interest expense

Interest expense increased $11 million, to $37 million, primarily due to the issuance of $400 million of Senior Notes in February 2013 and $100 million of Senior Notes in September 2013. During 2013, the Corporation's average debt outstanding and average borrowing rate was $991 million and 3.4%, respectively, compared to $602 million, and 3.9%, in the prior year period.

Effective tax rate

Our effective tax rates for 2013 and 2012 were 30.3% and 31.8%, respectively. The decrease in the effective tax rate in 2013, as compared to 2012, is primarily due to a reversal of certain valuation allowances as a result of improved profitability and an increase in research and development tax credits from certain foreign operations.

Net earnings

Net earnings increased $46 million, to $138 million, in 2013, as compared to the prior year period, primarily due to higher operating income in all of our segments, partially offset by the higher pension and interest expense discussed above.

Comprehensive income

Pension and Postretirement adjustments

For 2013, the $87 million pension and postretirement gain in other comprehensive income was mainly due to the actuarial gain resulting from the annual year-end remeasurement. This was driven by an increase in the CW Plan discount rate from 4.0% to 4.75% and favorable asset return performance. In May 2013, the Company's Board of Directors approved an amendment to the CW Pension Plan. The amendment, which is effective January 1, 2014, resulted in a gain to other comprehensive income, net of tax, of $3 million. In addition, the amendment to the Metal Improvement Company Salaried Staff pension scheme (U.K.) and the Penny & Giles Pension Plan (U.K.), resulted in a gain in other comprehensive income, net of tax, of $2 million.

Foreign Currency Translation adjustments

The decrease in foreign currency translation adjustments to comprehensive income of $33 million to a $7 million loss for the twelve months ended December 31, 2013 is primarily due to a decrease in the Canadian exchange rate versus the U.S. dollar during the twelve month period ended December 31, 2013 as compared to an increase in the Canadian exchange rate versus the U.S. dollar during the twelve month period ended December 31, 2012.

Backlog and new orders

Backlog increased 4% to $1,716 million at December 31, 2013 from $1,654 million at December 31, 2012. New orders increased $527 million to $2,508 million at December 31, 2013 primarily due to the incremental impact of acquisitions of $397 million.

Year ended December 31, 2012 compared to year ended December 31, 2011

Sales

Defense sales decreased $46 million, or 6%, as compared to the prior year period, primarily due to lower sales in the naval and ground defense markets. In our Flow Control segment, lower defense sales were due to the winding down of certain naval defense programs, partially offset by increased production on the CVN-79. In our Controls segment, sales decreased primarily in the ground defense market, due to lower production levels on the TOW Improved Target Acquisition System (ITAS) and Abrams platforms, slightly offset by higher sales of turret drive systems to international customers. Defense sales in our Surface Technologies segment were essentially flat.

Commercial sales increased $127 million, or 11%, as compared to the prior year period, driven by increased sales across all of our major commercial markets. In our Flow Control segment, the incremental impact of acquisitions contributed favorably to our power generation market, which was somewhat offset by lower sales due to slower orders from our (HVAC) customers in the general industrial market. In our Controls segment, the incremental impact of acquisitions contributed to increased sales in the general industrial market. In addition, higher sales of our flight control products and the incremental impact of acquisitions contributed favorably to sales in the commercial aerospace market. In our Surface Technologies segment, strong demand from our base businesses and the incremental impact from acquisitions contributed to higher sales in the commercial aerospace and general industrial markets, respectively.

Operating income

Operating income decreased $25 million, or 14%, as compared to the prior year period. In our Flow Control segment, operating income decreased $25 million to $79 million, impacted by certain one-time items, including a strike, additional assembly and preparation for shipment costs related to the Reactor Coolant Pumps (RCPs) for the AP1000 program, and restructuring costs. In our Controls segment, operating income grew $11 million to $87 million, as a result of our cost reduction and containment efforts and the expected accretive impact and operational improvements from our ACRA acquisition. In our Surface Technologies segment, operating income decreased $4 million to $27 million, and was negatively impacted by $12 million of restructuring costs, of which $5 million were non-cash charges as we re-aligned our business for strategic growth. Excluding restructuring costs, operating income grew $8 million, to $40 million in our Surface Technologies segment. Acquisitions, net of divestitures, were $3 million dilutive to year-to-date operating income, while the effects of foreign currency translation were not significant.

Non-segment operating expense

Non-segment operating expense increased $8 million to $31 million, primarily due to higher pension expense. The increase in pension expense was primarily due to a decrease in the discount rate of our pension benefit obligation.

Interest expense

Interest expense increased $5 million to $26 million in 2012, primarily due to higher average debt levels and borrowing rates compared to the same period in 2011.

Effective tax rate

Our effective tax rates for 2012 and 2011 were 31.8%, and 28.9%, respectively. The increase in the effective tax rate in 2012, as compared to 2011, is primarily due to a $4.1 million research and development tax credit recognized in 2011 that did not recur in the current year period.

Net earnings

Net earnings decreased $26 million to $92 million in 2012, as compared to the prior year period, primarily due to the impacts of the strike and additional investments on the AP1000 program within our Flow Control segment, restructuring costs in our Surface Technologies segment, and higher interest expense and effective tax rates discussed above.

Comprehensive income

Pension and Postretirement adjustments

For 2012, the $16 million pension and postretirement loss in other comprehensive income was mainly due to the actuarial loss resulting from the annual year-end remeasurement. This was driven by a decrease in the CW Plan discount rate from 4.5% to 4.0% and was partially offset by favorable asset return performance.

Foreign Currency Translation adjustments

The increase in foreign currency translation adjustments to comprehensive income of $44 million, to $26 million in comprehensive income, for the twelve months ended December 31, 2012 is primarily due to an increase in the Canadian, British Pound, and Euro exchange rates during the twelve month period ended December 31, 2012 as compared to an decrease in the Canadian, British Pound, and Euro exchange rate during the twelve month period ended December 31, 2011.

Backlog and new orders

Backlog decreased 2% to $1,654 million at December 31, 2012 from $1,695 million at December 31, 2011. New orders decreased $48 million in 2012 as compared to the prior year period, primarily due to the timing of funding on certain naval defense programs and lower demand of capital refinery projects and services in the oil and gas market. Acquisitions, net of divestitures, contributed $86 million of incremental new orders.

RESULTS BY BUSINESS SEGMENT

Flow Control

The following tables summarize sales, operating income and margin, and new orders, and certain items impacting comparability within the Flow Control segment.

	Year Ended December 31,				
	2013	2012	2011	2013 vs 2012	2012 vs 2011
	(In thousands, except percentages)				
Sales	$1,299,679	$1,095,349	$1,060,774	19%	3%
Operating income	116,510	78,779	103,421	48%	(24)%
Operating margin	9.0%	7.2%	9.7%	180bps	(250)bps
Items impacting comparability					
Restructuring charges	—	(3,690)	(200)	NM	NM
Change in estimate:					
AP1000	—	(23,684)	(9,721)	NM	NM
Tech Transfer	—	14,213	—	NM	NM
Impacts of strike (1):	(11,348)				
New orders	$1,233,786	$ 977,377	$1,072,969	26%	(9)%
Backlog	$1,058,726	$1,087,689	$1,154,147	(3)%	(6)%

NM – not meaningful

(1) On August 24, 2012, workers at EMD's Cheswick, Pennsylvania facility went on strike. The financial impacts of the strike were an $18 million and $6 million shift in revenue and operating income, respectively, from 2012 to 2013, due to the temporary suspension of work and an additional $5 million unfavorable impact to operating income as a result of unrecoverable absorption of overhead costs. On September 24, 2012, the Company ratified an agreement with the union to end the strike.

Components of sales and operating income growth (decrease):

	2013 vs 2012		2012 vs 2011	
	Sales	Operating Income	Sales	Operating Income
Organic	—%	36%	—%	(23)%
Acquisitions/divestitures	19%	11%	4%	(1)%
Foreign currency	—%	1%	(1)%	—%
Total	19%	48%	3%	(24)%

Year ended December 31, 2013 compared to year ended December 31, 2012

Sales

Sales increased $204 million, or 19%, to $1,300 million, as compared to the prior year period, primarily due to the incremental impact of our Cimarron, Phönix, and AP Services acquisitions, which contributed $135 million, $53 million, and $17 million, of incremental sales, respectively.

Sales in the defense market increased 6% due to increased production on the CVN-79 aircraft carrier program, the ramping up of production on the Virginia Class submarine program, and a new shipboard helicopter handling systems contract. This was partially offset by lower levels of production on the DDG-1000 and DDG-51 destroyer programs, and completion of production on the Advanced Arresting Gear program.

Sales in the commercial market increased 24%, primarily due to the incremental impact of our Cimarron and Phönix acquisitions, which favorably impacted sales in the oil and gas market, as well as our AP Services acquisition, which favorably impacted sales in the power generation market. In the power generation market, excluding the impact of our AP Services acquisition, higher sales of instrumentation and control products and deliveries of our spent fuel management NETCO SNAP-IN® product used in existing operating reactors, more than offset competitive pressure from low natural gas prices and fewer plant outages. Sales in the oil and gas market were essentially flat, excluding the impact of Phönix and Cimarron acquisitions, as increased pressure relief valve sales were mostly offset by lower levels of production for international capital refinery products. In the general industrial market, lower sales were primarily due to a previously announced customer loss.

Operating income

Operating income increased $38 million*,* or 48%*,* to $117 million, and operating margin increased 180 basis points to 9.0%. Acquisitions contributed $9 million of incremental operating income. Excluding the items impacting comparability noted in the first table above and the contributions from acquisitions, operating income was essentially flat as higher compensation costs partially offset improved performance in our oil and gas division as a result of in-sourcing Cimarron manufacturing.

Backlog and new orders

Backlog decreased $29 million to $1,059 million as compared to the prior year period. New orders increased $256 million to $1,234 million, from the prior year period, primarily due to incremental new orders from acquisitions of $210 million.

Year ended December 31, 2012 compared to year ended December 31, 2011

Sales

Sales increased $35 million, or 3%, as compared to the prior year period, primarily due to higher sales in the commercial market of 7%, somewhat offset by lower sales of 6% in the defense market. The incremental impact of acquisitions, net of divestitures, contributed $40 million, or 4%, of incremental sales, while the effects of foreign currency rate changes decreased current period sales by $2 million or less than 1%.

The increase in sales in our commercial market was primarily due to the incremental effects of our 2011 acquisitions of Anatec and LMT, which favorably impacted sales in our power generation market. To a lesser extent, the incremental impact of our 2011 Douglas acquisition, a supplier of aviation towing tractors, improved sales in our commercial aerospace market. In our oil and gas market, increased aftermarket MRO and pressure relief valve projects and the incremental impact of our Cimarron acquisition more than offset the lower orders for capital refinery projects and services. In our general industrial market, sales decreased due to slower orders from our HVAC customers due to slowing economic conditions.

The decrease in sales in our defense market was primarily due to the temporary suspension of production on certain naval defense programs as a result of the strike, which shifted revenue recognition milestones into 2013. In addition, the timing of production on the Virginia class submarine program, the completion of production on the Advanced Arresting Gear and the Electromagnetic Aircraft Launching System programs and certain aircraft handling systems programs, contributed to lower naval defense sales.

Operating income

Operating income decreased $25 million, or 24%, to $79 million, as compared to the prior year period. Operating income was unfavorably impacted by several factors including the impact of the strike, unanticipated additional costs in connection with the assembly and shipment of the RCPs for the China AP1000 nuclear reactor of $24 million, and restructuring charges of $4 million. Somewhat offsetting these unfavorable items was a favorable change in estimate of our cost assumptions on the AP1000 technology transfer contract. The change in estimate was primarily due to the achievement of several significant milestones for the AP1000 program, including the final qualification of the RCPs and a reduced scope of work being performed by third party suppliers. Excluding the impact of these items, operating income decreased slightly primarily due to higher than anticipated costs for the construction of super vessels and lower orders for capital refinery products and services in our oil and gas business. Acquisitions reduced operating income by $2 million.

Backlog and new orders

Backlog decreased $66 million to $1,088 million as compared to the prior year period. New orders decreased $96 million, primarily due to the timing of funding on certain naval defense programs and lower demand of capital refinery projects and services in the oil and gas market. Acquisitions contributed $40 million to new orders, while the prior year period included $18 million of orders associated with a divested business line.

Controls

The following tables summarize sales, operating income and margin, and new orders, and certain items impacting comparability within the Controls segment.

	Year Ended December 31,			Percent Changes	
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011
	(In thousands, except percentages)				
Sales	$898,168	$726,678	$709,159	24%	2%
Operating income	108,558	86,515	75,423	25%	15%
Operating margin	12.1%	11.9%	10.6%	20bps	130bps
Restructuring charges	—	(3,426)	—	NM	NM
Curtailment gain	2,818	—	—	NM	NM
New orders	$961,246	$727,354	$709,194	32%	3%
Backlog	$653,466	$563,299	$538,139	16%	5%

NM – not meaningful

Components of sales and operating income growth (decrease):

	2013 vs. 2012		2012 vs. 2011	
	Sales	Operating Income	Sales	Operating Income
Organic	—%	13%	(2)%	18%
Acquisitions/divestitures	24%	8%	5%	(3)%
Foreign currency	—%	4%	(1)%	—%
Total	24%	25%	2%	15%

Year ended December 31, 2013 compared to year ended December 31, 2012

Sales

Sales increased $171 million, or 24%, to $898 million, from the comparable prior year period, primarily due to the incremental impact of our Williams Controls, PG Drives, Exlar, Arens, and Parvus acquisitions, which contributed $59 million, $46 million, $44 million, $14 million, and $7 million of incremental sales, respectively.

Defense sales decreased 7%, as compared to the prior year period, primarily in the defense aerospace market, due to lower production levels on the Black Hawk and Global Hawk, lower sales of embedded computing products on helicopter programs, and lower sales of sensing products on other foreign military aircraft. In the ground defense market, sales decreased primarily due to lower production levels on the Bradley platform, lower comparable sales of turret drive systems, and lower sales of embedded computing products.

The increase in sales in the commercial market was primarily due to the aforementioned acquisitions coupled with strong organic growth in the commercial aerospace market. Sales in the commercial aerospace market increased primarily due to higher sales of our flight control products on all major Boeing aircraft, as well as strong demand for sensor and control products serving the regional jet and commercial helicopter markets.

Operating income

Operating income increased $22 million, or 25%, to $109 million, compared with the same period in 2012, while operating margin was essentially flat at 12.1%. Acquisitions contributed $7.1 million of operating income and were 180 basis points dilutive to current period results. Current year results were favorably impacted by a curtailment gain as a result of a change in our U.K. pension plans and certain licensing agreements that were entered into during the year.

Excluding the items impacting comparability noted in the first table above, contributions from acquisitions, and foreign currency translation, operating income, and margin were essentially flat as benefits driven by our prior year restructuring initiatives within our defense businesses offset acquisition dilution and the impact of purchase price accounting adjustments from our fourth quarter 2013 acquisitions.

Backlog and new orders

Backlog increased $90 million to $653 million at December 31, 2013 from $563 million at December 31, 2012. New orders increased $234 million, as compared to the prior year, primarily due to the incremental impact of acquisitions of $161 million.

Year ended December 31, 2012 compared to year ended December 31, 2011

Sales

Sales increased $18 million, or 2%, as compared to the prior year period, driven by increases in the commercial markets of 18%, partially offset by lower sales in the defense markets of 6%. Acquisitions contributed $33 million, or 5%, to the increase in sales, while the effect of foreign currency translation decreased sales by $5 million, or 1%.

The increase in sales in the commercial market was primarily due to 22% growth in the commercial aerospace market due to higher sales of both our flight control products on Boeing aircraft and emergent and specialty production support on Boeing's 787 aircraft. In addition, strong demand for sensor and control products serving the regional jet and commercial helicopter markets contributed to increased commercial aerospace sales. To a lesser extent, the incremental effect of repairs and overhaul sales from our ACRA acquisition contributed favorably to the commercial aerospace market.

The decrease in sales in the defense market was primarily due to lower production levels on the TOW ITAS and Abrams platform in the ground defense market. To a lesser extent, sales decreased in the defense aerospace market, primarily due to the winding down of the Global Hawk program and lower production work on the V-22 Osprey program.

Operating income

Operating income increased $11 million, or 15%, to $87 million, as compared to the prior year period. Operating margin increased 130 basis points from the prior year period to 11.9%, primarily due to our cost containment efforts and the expected accretive impact and operational improvements from our ACRA acquisition. ACRA had a dilutive impact on operating income in the comparable prior period due to higher intangible amortization expenses and purchase accounting adjustments. Acquisitions completed in the fourth quarter of 2012 had a dilutive impact on operating income of $2 million.

Backlog and new orders

Backlog increased 5% to $563 million at December 31, 2012 from $538 million at December 31, 2011. New orders increased $18 million, as compared to the prior year period, primarily due to the incremental impact of acquisitions of $47 million somewhat offset by lower orders in our defense business.

Surface Technologies

The following tables summarize sales, operating income and margin, new orders, and certain items impacting comparability within the Surface Technologies segment.

	Year Ended December 31,			Percent Changes	
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011
	(In thousands, except percentages)				
Sales	$312,924	$275,689	$246,809	14%	12%
Operating income	50,992	27,494	31,476	85%	(13)%
Operating margin	16.3%	10.0%	12.8%	630bps	(280)bps
Restructuring and impairment charges	—	(12,085)	—	NM	NM
New orders	$313,400	$276,279	$247,251	13%	12%

NM – not meaningful

Components of sales and operating income growth (decrease):

	2013 vs. 2012		2012 vs. 2011	
	Sales	Operating Income	Sales	Operating Income
Organic	4%	82%	6%	(12)%
Acquisitions	10%	4%	7%	1%
Foreign currency	—%	(1)%	(1)%	(2)%
Total	14%	85%	12%	(13)%

Year ended December 31, 2013 compared to year ended December 31, 2012

Sales

Sales increased $37 million, or 14%, to $313 million, from the comparable prior year period, primarily due to a $26 million incremental impact from our Gartner acquisition, which contributed incremental sales to the oil and gas and general industrial markets. In addition, sales in the commercial aerospace market were up 10% due to an increase in volume in coatings, shot peening, and laser peening services as we continue to benefit from the ramp up in OEM production rates. This performance was partially offset by lower sales in the aerospace defense market for our shot and laser peening services.

Operating income

Operating income increased $23 million, or 85%, to $51 million and operating margin increased 630 basis points to 16.3%. Our Gartner acquisition contributed $1 million of incremental operating income and was 110 basis points dilutive to current period results.

Excluding the $12 million of restructuring charges in the prior year, and contributions from acquisitions and foreign currency translation in the current year, operating income and margin increased primarily due to operational benefits as the result of closing an underperforming facility in the prior year.

New orders

New orders increased $37 million to $313 million, compared with the same period in 2012, primarily due to the incremental impact of our Gartner acquisition.

Year ended December 31, 2012 compared to year ended December 31, 2011

Sales

Sales increased $29 million, or 12%, as compared to the prior year period, due to increased demand across all of our major lines of business and markets, particularly for our shot peening, coatings, and analytical services. Sales in the commercial aerospace and general industrial market increased 18% and 10%, respectively. Acquisitions contributed $17 million to current year sales while the effects of foreign currency translation decreased sales $3 million.

Operating income

Operating income, excluding the effects of restructuring charges, increased $8 million, or 26%, to $40 million, and operating margin increased to 14.4%, a 160 basis point improvement over the prior year. The improvement was driven primarily by increased sales volume resulting in favorable absorption of fixed overhead costs, mainly in our shot peening and coatings businesses.

New orders

New orders increased $29 million, from the prior year, due to increased orders for coatings and shot peening services. Acquisitions contributed $17 million of new orders to the current period.

Liquidity and Capital Resources

Sources and Uses 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. A substantial portion of our business is in the defense sector, which is characterized by long-term contracts. 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.

Consolidated Statement of Cash Flows

	December 31, 2013	December 31, 2012	December 31, 2011
Cash provided by (used in):			
Operating activities	$ 237,827	$ 152,474	$ 201,853
Investing activities	(313,692)	(492,998)	(251,827)
Financing activities	140,138	254,241	179,804
Effect of exchange rates	(1,002)	3,919	(3,562)
Net increase (decrease) in cash and cash equivalents	$ 63,271	$ (82,364)	$ 126,268

Year ended December 31, 2013 compared to year ended December 31, 2012

Cash provided by operating activities increased $85 million to $238 million during the twelve months ended December 31, 2013, as compared to the prior year period, primarily due to higher cash earnings, the timing of vendor payments in the current year, and the timing of advanced collections.

Investing Activities

Capital Expenditures

Our capital expenditures were $72 million in 2013 as compared to $83 million in 2012. Capital expenditures were lower in 2013, as compared to 2012, primarily due to our Flight Systems facility expansion in 2012.

Acquisitions

During 2013 we acquired five businesses and expect to continue to seek “tuck in” acquisitions that are consistent with our long-term growth strategy. A combination of cash resources, including cash on hand, funds available under our credit agreement, and proceeds from our Senior Notes, were utilized to fund the acquisitions, which totaled $236 million. In 2012, we acquired eight businesses with a total purchase price of $460 million.

Additional acquisitions will depend, in part, on the availability of financial resources at a cost of capital that meet our stringent criteria. As such, future acquisitions, if any, may be funded through the use of our cash and cash equivalents, through additional financing available under the credit agreement, or through new financing alternatives.

Financing Activities

Debt Issuances

On February 26, 2013, the Corporation issued $400 million of Senior Notes (the “2013 Notes”). The 2013 Notes consist of $225 million of 3.70% Senior Notes that mature on February 26, 2023, $100 million of 3.85% Senior Notes that mature on February 26, 2025, and $75 million of 4.05% Senior Notes that mature on February 26, 2028. An additional $100 million of 4.11% Senior Notes were issued on September 26, 2013 that mature on September 26, 2028. The 2013 Notes are senior unsecured obligations, equal in right of payment to the Corporation’s existing senior indebtedness. The Corporation, at its option, can prepay at any time all or any part of the 2013 Notes, subject to a make-whole payment in accordance with the terms of the Note Purchase Agreement. In connection with the issuance of the 2013 Notes, the Corporation paid customary fees that have been deferred and are being amortized over the term of the 2013 Notes. Under the terms of the Note Purchase Agreement, the Corporation is required to maintain certain financial ratios, the most restrictive of which is a debt to capitalization limit of 60%. The debt to capitalization ratio is calculated using the same formula for all of the Corporation's debt agreements and is a measure of the Corporation's indebtedness (as defined per the Notes Purchase Agreement and Credit Agreement) to capitalization, where capitalization equals debt plus equity. The Corporation had the ability to borrow additional debt of $1.3 billion without violating our debt to capitalization covenant. The 2013 Notes also contain a cross default provision with respect to the Corporation's other senior indebtedness.

In September 2013, we repaid the $125 million 2003 senior notes that had matured.

Revolving Credit Agreement

As of December 31, 2013, the Corporation had $50 million of borrowings under the 2012 Senior Unsecured Revolving Credit Agreement (the Credit Agreement or credit facility) and $42 million in letters of credit supported by the credit facility. The unused credit available under the Credit Agreement at December 31, 2013 was $408 million, which could be borrowed in full without violating any of our debt covenants.

Repurchase of Common Stock

On September 28, 2011, the Company received authorization from its board of directors to enter into a share repurchase program. The share repurchase program authorizes the Company to purchase up to approximately 3,000,000 shares of its common stock, in addition to approximately 690,000 shares remaining under a previously authorized share repurchase program, and is subject to a $100 million repurchase limitation.

The Company did not repurchase any shares of its common stock during 2013. During the twelve months ended December 31, 2012, the Company repurchased approximately 830,000 shares of our common stock for $26 million.

Dividends

In the second quarter of 2013, the Corporation increased its quarterly dividend to ten cents ($0.10) a share, an 11.1% increase over the prior year dividend. Cash used to make dividend payments during the twelve months ended December 31, 2013 and 2012 were $18 million and $16 million, respectively.

Year ended December 31, 2012 compared to year ended December 31, 2011

Operating Activities

Cash provided by operating activities decreased $49 million to $152 million during the twelve months ended December 31, 2012 as compared to the prior year period, primarily due to lower advanced payments on long-term contracts and, to a lesser extent, lower net earnings.

Investing Activities

Capital Expenditures

Our capital expenditures were $83 million in 2012 as compared to $84 million in 2011. Capital expenditures in 2012, as compared to 2011, were essentially flat as facility expansions in 2011 within our oil and gas and commercial aerospace businesses were offset by higher investments in 2012 in the Surface Technologies segment for laser peening equipment and international facility improvements. Capital expenditures relate primarily to new and replacement machinery and equipment, the expansion of new product lines within the business segments, and the construction of new facilities and upgrade of existing facilities.

Acquisitions and divestitures of businesses

During both 2012 and 2011, we acquired eight businesses and expect to continue to seek acquisitions that are consistent with our long-term growth strategy. A combination of cash resources, including cash on hand, funds available under our credit agreement, and proceeds from our Senior Notes were utilized to fund our acquisitions, which totaled $460 million and $178 million in 2012 and 2011, respectively. Additional acquisitions will depend, in part, on the availability of financial resources at a cost of capital that meet our stringent criteria. As such, future acquisitions, if any, may be funded through the use of our cash and cash equivalents, through additional financing available under the credit agreement, or through new financing alternatives.

Our 2012 heat treat divestiture resulted in $52 million of cash proceeds while divestitures in 2011 resulted in $8 million of proceeds.

Financing Activities

Debt Issuances

In August 2012, we amended and refinanced our existing credit facility by entering into a Third Amended and Restated Credit Agreement (Credit Agreement) with a syndicate of financial institutions, led by Bank of America N.A., Wells Fargo, N.A, and JP Morgan Chase Bank, N.A. The proceeds available under the Credit Agreement are to be used for working capital, internal growth initiatives, funding of future acquisitions, and general corporate purposes. Under the terms of the Credit Agreement, we have a borrowing capacity of $500 million. In addition, the Credit Agreement provides an accordion feature which allows us to borrow an additional $100 million. As of December 30, 2012, we had $47 million in letters of credit supported by the credit facility and $287 million of borrowings under the credit facility. The unused credit available under the credit facility at December 31, 2012 was $166 million, which we had the ability to borrow in full without violating our debt to capitalization covenant.

The Credit Agreement contains covenants that we consider usual and customary for an agreement of this type for comparable commercial borrowers, including a maximum consolidated net debt-to-capitalization ratio of 60 percent. The agreement has customary events of default, such as non-payment of principal when due; nonpayment of interest, fees, or other amounts; cross-payment default and cross-acceleration with the Corporation's other senior indebtedness.

Borrowings under the Credit Agreement will accrue interest based on (i) Libor or (ii) a base rate of the highest of (a) the federal funds rate plus 0.5%, (b) BofA's announced prime rate or (c) the Eurocurrency rate plus 1%, plus a margin. The interest rate and level of facility fees are dependent on certain financial ratios, as defined in the Credit Agreement. The Credit Agreement also provides customary fees, including administrative agent and commitment fees. In connection with the Credit Agreement, we paid customary transaction fees that have been deferred and are being amortized over the term of the Credit Agreement.

On December 8, 2011, we issued $300 million of Senior Notes (the "2011 Notes"). The 2011 Notes consist of $100 million of 3.84% Senior Notes that mature on December 1, 2021 and $200 million of 4.24% Senior Series Notes that mature on December 1, 2026. The 2011 Notes are senior unsecured obligations, equal in right of payment to our existing senior indebtedness. We, at our option, can prepay at any time all or any part of our 2011 Notes, subject to a make-whole payment in accordance with the terms of the Note Purchase Agreement. In connection with our 2011 Notes, we paid customary fees that have been deferred and are being amortized over the term of our 2011 Notes. We are required under the Note Purchase Agreement to maintain certain financial ratios, the most restrictive of which is a debt to capitalization limit of 60%. The 2011 Notes also contain a cross default provision with our other senior indebtedness.

Repurchase of Common Stock

During the twelve months ended December 31, 2012, the Company repurchased approximately 830,000 shares of our common stock for $26 million. During the twelve months ended December 31, 2011, the Company repurchased 261,000 shares of our common stock for $8 million.

Dividends

In the second quarter of 2012, the Corporation increased its quarterly dividend to nine cents ($0.09) a share, a 12.5% increase over the prior year dividend. Cash used to make dividend payments during the twelve months ended December 31, 2012 and 2011 were $15 million, and $15 million, respectively.

Prior debt issuances

On December 1, 2005, we issued $150 million of 5.51% Senior Series Notes (the "2005 Notes"). Our 2005 Notes mature on December 1, 2017 and are senior unsecured obligations, equal in right of payment to our existing senior indebtedness. We, at our option, can prepay at any time all or any part of our 2005 Notes, subject to a make-whole payment in accordance with the terms of the Note Purchase Agreement. In connection with our 2005 Notes, we paid customary fees that have been deferred and are being amortized over the term of our 2005 Notes. We are required under the Note Purchase Agreement to maintain certain financial ratios, the most restrictive of which is a debt to capitalization limit of 60%. The 2005 Notes also contains a cross default provision with our other senior indebtedness.

On September 25, 2003, we issued $200 million of Senior Notes (the "2003 Notes"). The 2003 Notes consisted of $75 million of 5.13% Senior Notes that matured and were repaid on September 25, 2010 and $125 million of 5.74% Senior Notes that matured and were repaid on September 25, 2013.

Capital Resources

Cash in Foreign Jurisdictions

Cash and cash equivalents at December 31, 2013 were $175 million, of which $149 million were held by foreign subsidiaries. Our Canadian subsidiaries held a substantial portion of the Company's cash and cash equivalents, approximately $73 million at December 31, 2013. Our domestic operations generate significant cash flow from operations, however, such amounts were used to pay-down the Company's revolving credit facility and for general corporate purposes including funding the purchase of acquisitions. There are no legal or economic restrictions, absent certain regulatory approvals in China, where less than $4 million of our foreign cash resides, on the ability of any of our subsidiaries to transfer funds. The Company regularly assesses its cash needs and the available sources to fund these needs. Our assessment does not demonstrate the need to repatriate foreign cash and cash equivalents to fund U.S. operations.

Cash Utilization

Management continually evaluates cash utilization alternatives, including share repurchases, acquisitions, and increased dividends 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, including the return of capital to shareholders through dividends and share repurchases and growing our business through acquisitions.

Debt Compliance

As of December 31, 2013, we were in compliance with all debt agreements and credit facility covenants, including our most restrictive covenant, which is our debt to capitalization ratio limit of 60%. As of December 31, 2013 we had the ability to incur total additional indebtedness of $1.3 billion without violating our debt to capitalization covenant.

Future Commitments

Cash generated from operations should be adequate to meet our planned capital expenditures of approximately $80 to $90 million and expected dividend payments of approximately $25 million in 2014. There can be no assurance, however, that we will continue to generate cash from operations at the current level. If cash generated from operations is not sufficient to support these operating requirements and investing activities, we may be required to reduce capital expenditures, borrow from our existing credit line, refinance a portion of our existing debt, or obtain additional financing. While all companies are subject to economic risk, we believe that our cash and cash equivalents, cash flow from operations, and available borrowings are sufficient to meet both the short-term and long-term capital needs of the organization.

In 2013, we made contributions of approximately $41 million to the Curtiss-Wright Pension Plan and expect to make contributions of approximately $40 million in 2014. In addition, through 2018, we expect to make cumulative pension plan contributions of $101 million. For more information on our pension and other postretirement benefits plans, please see Note 17 to the Consolidated Financial Statements.

The following table quantifies our significant future contractual obligations and commercial commitments as of December 31, 2013:

	Total	2014	2015	2016	2017	2018	Thereafter
				(In thousands)			
Debt Principal Repayments	$ 959,938	$ 1,334	$ 33	$ 16	$200,000	$ —	$ 758,555
Interest Payment on Fixed Rate Debt	402,463	39,940	39,908	39,908	39,206	31,643	211,858
Operating Leases	211,418	32,970	29,804	25,879	22,439	18,108	82,218
Total	$1,573,819	$74,244	$69,745	$65,803	$261,645	$49,751	$1,052,631

We do not have material purchase obligations. Most of our raw material purchase commitments are made directly pursuant to specific contract requirements.

We enter into standby letters of credit agreements and guarantees with financial institutions and customers primarily relating to future performance on certain contracts to provide products and services and to secure advance payments we have received from certain international customers. At December 31, 2013, we had contingent liabilities on outstanding letters of credit due as follows:

	Total	2014	2015	2016	2017	2018	Thereafter
				(In thousands)			
Letters of Credit	$55,779	$9,948	$4,743	$25,804	$2,838	$2,784	$9,662

(1) Amounts indicated as Thereafter are letters of credit that expire during the revolving credit agreement term but will automatically renew on the date of expiration. In addition, amounts exclude bank guarantees of approximately $23.2 million.

Non-GAAP Measures

Management reviews key performance indicators including revenue, segment operating income and margins, and new orders, among others. In addition, we consider certain measures to be useful to management and investors when evaluating our operating performance for the periods presented. These measures provide a tool for evaluating our ongoing operations from period to period. These metrics, however, are not measures of financial performance under accounting principles generally accepted in the United States of America (GAAP) and should not be considered a substitute for measures determined in accordance with GAAP. The non-GAAP financial measures that we disclose are organic revenue and organic operating income - defined as revenue and operating income, excluding the impact of foreign currency fluctuations and contributions from acquisitions and divestitures made during the current year.

	Year Ended December 31, 2013														
	Flow Control			Controls			Surface Technologies			Corporate & Other			Total Curtiss - Wright		
	2013	2012	Chg	2013	2012	Chg	2013	2012	Chg	2013	2012	Chg	2013	2012	Chg
Sales															
Organic	1,097.0	1,095.3	—%	726.4	726.7	—%	286.8	275.7	4%	—	—		2,110.2	2,097.7	1%
Incremental (1)	204.4	—		170.2	—		25.9	—		—	—		400.5	—	
Foreign Currency Fav (Unfav) (2)	(1.7)	—		1.6	—		0.2	—		—	—		0.1	—	
Total net sales	1,299.7	1,095.3	19%	898.2	726.7	24%	312.9	275.7	14%	—	—		2,510.8	2,097.7	20%
Operating income (expense)															
Organic	106.8	78.8	36%	98.1	86.5	13%	50.2	27.5	82%	(41.9)	(31.3)	34%	213.2	161.5	32%
OI Margin %	9.7%	7.2%	250bps	13.5%	11.9%	160bps	17.5%	10.0%	750bps				10.1%	7.7%	240bps
Incremental (1)	9.1	—		7.1	—		1.0	—		(0.4)			16.8	—	
Foreign Currency Fav (Unfav) (2)	0.6	—		3.3	—		(0.2)	—		(0.2)			3.5	—	
Total operating income (expense)	116.5	78.8	48%	108.5	86.5	25%	51.0	27.5	85%	(42.5)	(31.3)	35%	233.5	161.5	45%
OI Margin %	9.0%	7.2%	180bps	12.1%	11.9%	20bps	16.3%	10.0%	630bps				9.3%	7.7%	160bps

(1) The term incremental is used to highlight the impact acquisitions had on the current year results, for which there was no comparable prior year data. Therefore, the results of operations for acquisitions are incremental for the first twelve months from the date of acquisition and are removed from our organic results. Additionally, the results of operations for divested businesses are removed from the comparable prior year period for purposes of calculating organic results. The remaining businesses are referred to as organic.

(2) Organic results exclude the effects of current period foreign currency translation.

Critical Accounting Estimates and Policies

Our consolidated financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America. Preparing consolidated financial 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. We believe that the following are some of the more critical judgment areas in the application of our accounting policies that affect our financial condition and results of operations:

Revenue Recognition

The realization of revenue refers to the timing of its recognition in our accounts and is generally considered realized or realizable and earned when the earnings process is substantially complete and all of the following criteria are met: 1) persuasive evidence of an arrangement exists; 2) delivery has occurred or services have been rendered; 3) our price to our customer is fixed or determinable; and 4) collectability is reasonably assured.

We determine the appropriate method by which we recognize revenue by analyzing the terms and conditions of each contract or arrangement entered into with our customers. Revenue is recognized on certain product sales, which represents approximately 55% of our total revenue, as production units are shipped and title and risk of loss have transferred. Revenue is recognized on service type contracts, which represents approximately 17% of our total revenue, as services are rendered. The majority of our service revenues are generated within our Surface Technologies' segment. The significant estimates we make in recognizing revenue are primarily for long-term contracts generally accounted for using the cost-to-cost method of percentage of completion accounting that are associated with the design, development and manufacture of highly engineered industrial products used in commercial and defense applications.

Percentage of completion accounting

Revenue recognized using the cost-to-cost method of percentage of completion accounting represented approximately 18% of our total net sales in 2013. The average length of our contracts that utilize the cost to cost method of percentage of completion accounting is 4 years. This method recognizes revenue and profit as the contracts progress towards completion. Under the cost to cost method of percentage of completion accounting, sales and profits are recorded based on the ratio of costs incurred to an estimate of costs at completion.

Application of the cost to cost method of percentage-of-completion accounting requires the use of reasonable and dependable estimates of the future material, labor, and overhead costs that will be incurred and a disciplined cost estimating system in which all functions of the business are integrally involved. These estimates are determined based upon industry knowledge and experience of our engineers, project managers, and financial staff. These estimates are significant and reflect changes in cost and operating performance throughout the contract and could have a significant impact on our operating performance. Adjustments to original estimates for contract revenue, estimated costs at completion, and the estimated total profit are often required as work progresses throughout the contract and more information is obtained, even though the scope of work under the contract may not change. These changes are recorded on a cumulative basis in the period they are determined to be necessary.

Under the cost to cost method of percentage-of-completion accounting, provisions for estimated losses on uncompleted contracts are recognized in the period in which the likelihood of such losses are determined to be probable. However, costs may be deferred in anticipation of future contract sales if follow-on production orders are deemed probable. Amounts representing contract change orders are included in revenue only when they can be estimated reliably and their realization is reasonably assured.

In 2013, the aggregate net changes in estimates of contract costs resulted in an increase to sales and operating income of $7 million and $3 million, respectively. In 2012, the aggregate net changes in estimates of contract costs resulted in a decrease to sales and operating income of $9 million and $13 million, respectively. The aggregate net changes in estimates of contract costs for 2011 were not material to the consolidated statement of operations for such annual period.

Inventory

Inventory costs include materials, direct labor, and purchasing and manufacturing overhead costs, which are stated at the lower of cost or market, where market is limited to the net realizable value. We estimate the net realizable value of our inventories and establish reserves to reduce the carrying amount of these inventories to net realizable value, as necessary. We continually evaluate the adequacy of the inventory reserves by reviewing historical scrap rates, on-hand quantities as compared with historical and projected usage levels, and other anticipated contractual requirements. We generally hold reserved inventory for extended periods, before scrapping and disposing of the reserved inventory, which contributes to a higher level of reserved inventory relative to the level of annual inventory write-offs. The stated inventory costs are also reflective of the estimates used in applying the percentage-of-completion revenue recognition method.

We purchase materials for the manufacture of components for sale. The decision to purchase a set quantity of a particular item is influenced by several factors including: current and projected price, future estimated availability, existing and projected contracts to produce certain items, and the estimated needs for our businesses.

For certain of our long-term contracts, we utilize progress billings, which represent amounts billed to customers prior to the delivery of goods and services and are recorded as a reduction to inventory and receivables. Amounts are first applied to unbilled receivables and any remainder is then applied to inventory. Progress billings are generally based on costs incurred, including direct costs, overhead, and general and administrative costs.

Pension and Other Postretirement Benefits

In consultation with our actuaries, we determine the appropriate assumptions for use in determining the liability for future pension and other postretirement benefits. The most significant of these assumptions include the number of employees who will receive benefits, their tenure, their salary levels, their projected mortality, expected return on plan assets, the discount rates used to determine plan obligations, and the trends in the costs of medical and other health care benefits in the case of the postretirement benefit obligations. Changes in these assumptions, if significant in future years, may have an effect on our pension and postretirement expense, associated pension and postretirement assets and liabilities, and our annual cash requirements to fund these plans.

The discount rate used to determine the plan benefit obligations as of December 31, 2013, and the annual periodic costs for 2014, was increased from 4.0% to 4.75% for the Curtiss-Wright Pension Plan and from 3.75% to 4.5% for the EMD postretirement benefit plan to reflect current economic conditions. The rates reflect the hypothetical rates at which the projected benefit obligations could be effectively settled or paid out to participants on that date. We determine our discount rates utilizing selected bond yield curves developed by our actuaries, by using the rates of return on high-quality, fixed-income corporate bonds available at the measurement date with maturities that match the plan's expected cash outflows for benefit payments. The discount rate for the Curtiss-Wright Restoration and postretirement benefit plans increased to 4.5% and 3.5%, respectively, in 2013 to reflect the shorter duration of liabilities of these plans. These changes contributed to a reduction in the benefit obligation of $34 million. The rate of compensation increase for the pension plans remained at a weighted average of 4.0% based upon a graded scale of 5.0% to 3.0% that decrements as pay increases, which reflects the experience over the past years and the Company's expectation of future salary increases. We also utilized the RP 2000 mortality tables, which assume mortality improvements into the future for the U.S. pension and postretirement benefit plans.

The overall expected return on assets assumption is based primarily on the expectations of future performance. Expected future performance is determined by weighting the expected returns for each asset class by the plan's asset allocation. The expected returns are based on long-term capital market assumptions provided by our investment consultants. We have consistently used the 8.5% rate as a long-term overall average return, and consider this rate to be a reasonable assumption of the future long-term investment returns.

The long-term medical trend assumptions start with a current rate that is in line with expectations for the near future. The trend's rate is then graded down over time until it reaches an ultimate rate that is close to expectations for growth in GDP. The reasoning is that medical trends cannot continue to be higher than the rate of GDP growth in the long term. The health care cost trend rates used to determine the benefit obligations of the plans as of December 31, 2013, and the annual periodic costs for 2013 were on an initial trend of 8.0% grading down to an ultimate trend of 5.0% in 2026. In 2010 and 2012, respectively, we modified the EMD and Williams postretirement benefit designs for post-65 retirees. This effectively capped the plans to future medical inflation. As a result, any change in the expectation of these rates to return to a normal level should not have a material impact on the amount of expense we recognize.

The timing and amount of future pension income or expense to be recognized each year is dependent on the demographics and expected compensation of the plan participants, the expected interest rates in effect in future years, inflation, and the actual and expected investment returns of the assets in the pension trust.

The funded status of the Curtiss-Wright Pension Plan increased by $116 million in 2013, primarily due to the increase in the discount rate used to value plan obligations at December 31, 2013. To a lesser extent, the increase in the funded status was due to positive asset returns of 19.2% in 2013. Recent favorability in financial market performance and increasing interest rates have decreased our future cash funding requirements and future pension expense. We contributed $41 million to the Curtiss-Wright Pension Plan in 2013, and expect to contribute approximately $101 million more over a five year period beginning in 2014. Additionally, we expect pension expense of $16 million associated with this plan in 2014.

The following table reflects the impact of changes in selected assumptions used to determine the funded status of the Company's U.S. qualified and nonqualified pension plans as of December 31, 2013 (in thousands, except for percentage point change):

Assumption	Percentage Point Change	Increase in Benefit Obligation	Increase in Expense
Discount rate	(0.25)%	$18,279	$2,475
Rate of compensation increase	0.25%	2,758	688
Expected return on assets	(0.25)%	—	1,071

See Note 17 to the Consolidated Financial Statements for further information on our pension and postretirement plans.

Environmental Reserves

We provide for environmental reserves on a site-by-site basis when, in conjunction with internal and external legal counsel, it is determined that a liability is both probable and estimable. In many cases, the liability is not fixed or capped when we first record a liability for a particular site. If only a range of potential liability can be estimated and no amount within the range is more probable than another, a reserve will be established at the low end of that range. At sites involving multiple parties, we accrue environmental liabilities based upon our expected share of the liability, taking into account the financial viability of our other jointly liable partners. Judgment is required when we make assumptions and estimate costs expected to be incurred for environmental remediation activities because of, among other factors, difficulties in assessing the extent and type of environmental remediation to be performed, the impact of complex environmental regulations and remediation technologies, and agreements between potentially responsible parties to share in the cost of remediation. In estimating the future liability and continually evaluating the sufficiency of such liabilities, we weigh certain factors including our participation percentage due to a settlement by or bankruptcy of other potentially responsible parties, a change in the environmental laws requiring more stringent requirements, an increase or decrease in the estimated time required to remediate, a change in the estimate of future costs that will be incurred to remediate the site, and changes in technology related to environmental remediation. We do not believe that continued compliance with environmental laws applicable to our operations will have a material adverse effect on our financial condition or results of operation. However, given the level of judgment and estimation used in the recording of environmental reserves, it is reasonably possible that materially different amounts could be recorded if different assumptions were used or if circumstances were to change, such as environmental regulations or remediation solution remedies.

As of December 31, 2013, our environmental reserves totaled $16 million, the majority of which is long term. Approximately 27.4% of the environmental reserves represent the current value of our anticipated remediation costs and are not discounted primarily due to the uncertainty of timing of expenditures. The remaining environmental reserves are discounted to reflect the time value of money since the amount and timing of cash payments for the liability are reasonably determinable. All environmental reserves exclude any potential recovery from insurance carriers or third-party contribution legal actions.

Purchase Accounting

We apply the purchase method of accounting to our acquisitions. Under this method, we allocate the cost of business acquisitions to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition, commonly referred to as the purchase price allocation. As part of the purchase price allocations for our business acquisitions, identifiable intangible assets are recognized as assets apart from goodwill if they arise from contractual or other legal rights, or if they are capable of being separated or divided from the acquired business and sold, transferred, licensed, rented, or exchanged. The purchase price is allocated to the underlying tangible and intangible assets acquired and liabilities assumed based on their respective fair market values, with any excess recorded as goodwill. We determine the fair values of such assets and liabilities, generally in consultation with third-party valuation advisor's. Such fair value assessments require significant judgments and estimates such as projected cash flows, discount rates, royalty rates, and remaining useful lives that can differ materially from actual results. The analysis, while substantially complete, is finalized no later than twelve months from the date of acquisition. The fair value of assets acquired (net of cash) and liabilities assumed of our 2013 acquisitions were estimated to be $285 million and $49 million, respectively.

Goodwill

We have $1,110 million in goodwill as of December 31, 2013. Generally, the largest separately identifiable asset from the businesses that we acquire is the value of their assembled workforces, which includes the additional benefit received from management, administrative, marketing, business development, engineering, and technical employees of the acquired businesses. The success of our acquisitions, including the ability to retain existing business and to successfully compete for and win new business, is based on the additional benefit received from management, administrative, marketing, and business development, scientific, engineering, and technical skills and knowledge of our employees rather than on productive capital (plant and equipment, technology, and intellectual property). Therefore, since intangible assets for assembled workforces are part of goodwill, the substantial majority of the intangible assets for our acquired business acquisitions are recognized as goodwill.

The recoverability of goodwill is subject to an annual impairment test based on the estimated fair value of the underlying businesses. We test for goodwill impairment at the reporting unit level, which is at or one level below the operating segment level. The test is performed in the fourth quarter, which coincides with the preparation of our five-year strategic operating plan. Additionally, goodwill is tested for impairment when an event occurs or if circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

Determining the fair value of a reporting unit is judgmental in nature and involves the use of significant estimates and assumptions that we believe are reasonable but inherently uncertain. Actual results may differ from those estimates. To calculate the fair value of a reporting unit, we consider both comparative market multiples as well as estimated discounted cash flows for the reporting unit. The significant estimates and assumptions include, but are not limited to, revenue growth rates, operating margins, and future economic and market conditions. The discount rates are based upon the reporting unit's weighted average cost of capital.

The first step in the analysis is to identify any potential impairment by comparing the carrying value of the reporting unit to its fair value. As a supplement, we conduct additional sensitivity analysis to assess the risk for potential impairment based upon changes in the key assumptions such as the discount rate, expected long-term growth rate, and cash flow projections. If an impairment is identified, the second step is to measure the impairment loss by comparing the implied fair value of goodwill with the carrying value of the goodwill on the reporting unit. Based upon the completion of our annual test, we determined that there was no impairment of value and that all reporting units estimated fair values, with the exception of the oil and gas reporting unit within the Flow Control segment, were substantially in excess of their carrying amounts. Therefore, it is not reasonably likely that significant changes in these estimates would occur that would result in an impairment charge.

Our oil and gas reporting unit's fair value exceeded its net book value by 20%. The key assumption that drives the estimated fair value of our oil and gas reporting unit are the revenue and cost projections. If the revenue projections were not able to be obtained due to continued low orders for capital refinery projects or if we are unable to obtain the projected cost synergies by successfully integrating Cimarron, acquired in 2012, it would have a negative effect on the estimated fair value of our oil and gas reporting unit.

As of December 31, 2013, the amount of goodwill for our oil and gas reporting unit amounted to $189 million. While we determined that there was no goodwill impairment of the oil and gas reporting unit as of October 31, 2013, management continues to actively evaluate the current and expected revenue and earnings performance of the reporting unit and is actively managing the successful integration of the Cimarron acquisition. A significant adverse change in business climate or a change in strategic direction, impacting the business's revenue or earnings, the inability to achieve the revenue and cost projections resulting from the successful integration of Cimarron, a material negative change in relationships with the reporting unit's significant customers, a significant decline or delay in capital projects, unanticipated competition, or an adverse action or assessment by a regulator, would require an interim assessment prior to the next required annual assessment as of October 31, 2014. If management determines that impairment exists, the impairment will be recognized in the period in which it is identified.

Other Intangible Assets

Other intangible assets are generally the result of acquisitions and consist primarily of purchased technology, customer related intangibles, and trademarks. Intangible assets are recorded at their fair values as determined through purchase accounting, based on estimates and judgments regarding expectations for the estimated future after-tax earnings and cash flows arising from follow on sales. Definite-lived intangible assets are amortized on a straight-line basis over their estimated useful lives, which generally range from 1 to 20 years, while indefinite-lived intangible assets are not amortized. Customer related intangibles primarily consist of customer relationships, which reflect the value of the benefit derived from the incremental revenue and related cash flows as a direct result of the customer relationship. We review the recoverability of all intangible assets, including the related useful lives, whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. We would record any impairment in the reporting period in which it has been identified.

Item 7A. ***Quantitative and Qualitative Disclosures about Market Risk.***

We are exposed to certain market risks from changes in interest rates and foreign currency exchange rates as a result of our global operating and financing activities. We seek to minimize any material risks from foreign currency exchange rate fluctuations through our normal operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. We used forward foreign currency contracts to manage our currency rate exposures during the year ended December 31, 2013. In addition, in order to manage our interest rate risk, we may, from time to time, enter into interest rate swaps to balance the ratio of fixed to floating rate debt. We do not use such instruments for trading or other speculative purposes. Information regarding our accounting policy on financial instruments is contained in Note 1-L to the Consolidated Financial Statements.

Interest Rates

The market risk for a change in interest rates relates primarily to our debt obligations. Our fixed rate interest exposure was 94% and 65%, at December 31, 2013 and December 31, 2012, respectively. In order to manage our interest rate exposure, from time to time, we enter into interest rate swap agreements to manage our mix of fixed-rate and variable-rate debt. With the interest rate swap agreements that were in place as of December 31, 2013, and December 31, 2012, our fixed rate interest exposure was 55% and 40%, respectively. As of December 31, 2013, a change in interest rates of 1% would have an impact on consolidated interest expense of less than $5 million. Information regarding our 2013, 2011, 2005 and 2003 Notes, Revolving Credit Agreement, and Interest Rate Swaps is contained in Note 13 to the Consolidated Financial Statements.

Foreign Currency Exchange Rates

Although the majority of our sales, expenses, and cash flows are transacted in U.S. dollars, we do have market risk exposure to changes in foreign currency exchange rates, primarily as it relates to the value of the U.S. dollar versus the Canadian dollar, the British pound, the Euro, and the Swiss franc. Any significant change against the U.S. dollar in the value of the currencies of those countries in which we do business could have an effect on our business, financial condition, and results of operations. If foreign exchange rates were to collectively weaken or strengthen against the dollar by 10%, net earnings would have been reduced or increased, respectively, by approximately $23 million as it relates exclusively to foreign currency exchange rate exposures.

Financial instruments expose us to counter-party credit risk for non-performance and to market risk for changes in interest and foreign currency rates. We manage exposure to counter-party credit risk through specific minimum credit standards, diversification of counter-parties, and procedures to monitor concentrations of credit risk. We monitor the impact of market risk on the fair value and cash flows of our investments by investing primarily in investment grade interest-bearing securities, which have short-term maturities. We attempt to minimize possible changes in interest and currency exchange rates to amounts that are not material to our consolidated results of operations and cash flows.

Item 8. ***Financial Statements and Supplementary Data.***

CONSOLIDATED STATEMENTS OF EARNINGS

	For the years ended December 31,		
	2013	2012	2011
	(In thousands, except per share data)		
Net sales			
Product sales	$2,074,967	$1,710,759	$1,690,064
Service sales	435,804	386,957	326,678
Total net sales	2,510,771	2,097,716	2,016,742
Cost of sales			
Cost of product sales	1,412,621	1,178,115	1,143,828
Cost of service sales	287,057	260,858	215,967
Total cost of sales	1,699,678	1,438,973	1,359,795
Gross profit	811,093	658,743	656,947
Research and development expenses	(68,874)	(59,712)	(62,115)
Selling expenses	(153,336)	(125,201)	(119,438)
General and administrative expenses	(355,264)	(312,384)	(288,540)
Operating income	233,619	161,446	186,854
Interest expense	(37,020)	(26,329)	(20,834)
Other income, net	1,354	245	862
Earnings before income taxes	197,953	135,362	166,882
Provision for income taxes	(59,972)	(43,073)	(48,262)
Earnings from continuing operations	137,981	92,289	118,620
Discontinued operations, net of taxes			
Earnings from discontinued operations	—	3,043	7,769
Gain on divestiture	—	18,512	—
Earnings from discontinued operations	—	21,555	7,769
Net earnings	$ 137,981	$ 113,844	$ 126,389
Basic earnings per share:			
Earnings from continuing operations	$ 2.94	$ 1.98	$ 2.56
Earnings from discontinued operations	—	0.46	0.17
Total	$ 2.94	$ 2.44	$ 2.73
Diluted earnings per share:			
Earnings from continuing operations	$ 2.88	$ 1.95	$ 2.52
Earnings from discontinued operations	—	0.45	0.17
Total	$ 2.88	$ 2.40	$ 2.69
Dividends per share	$ 0.39	$ 0.35	$ 0.32
Weighted average shares outstanding:			
Basic	46,991	46,743	46,372
Diluted	47,912	47,412	47,013

See notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the years ended December 31, 2013	2012	2011
		(In thousands)	
Net earnings	$137,981	$113,844	$126,389
Other comprehensive income			
Foreign currency translation, net of tax (1)	(6,619)	25,954	(18,472)
Pension and postretirement adjustments, net of tax (2)	87,386	(16,331)	(43,846)
Other comprehensive income (loss), net of tax	80,767	9,623	(62,318)
Comprehensive income	$218,748	$123,467	$ 64,071

(1) The tax benefit (expense) included in other comprehensive income for foreign currency translation adjustments for 2013, 2012, and 2011 were $(0.9) million, $0.7 million, and $(2.6) million, respectively.

(2) The tax benefit (expense) included in other comprehensive income for pension and postretirement adjustments for 2013, 2012, and 2011 were $(49.4) million, $9.1 million, and $26.7 million, respectively.

See notes to consolidated financial statements

CONSOLIDATED BALANCE SHEETS

	At December 31, 2013	At December 31, 2012
	(In thousands, except share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 175,294	$ 112,023
Receivables, net	603,592	578,313
Inventories, net	452,087	397,471
Deferred tax assets, net	47,650	50,760
Other current assets	58,660	37,194
Total current assets	1,337,283	1,175,761
Property, plant, and equipment, net	515,718	489,593
Goodwill	1,110,429	1,013,300
Other intangible assets, net	471,379	419,021
Other assets	23,465	16,913
Total assets	$3,458,274	$3,114,588
LIABILITIES		
Current liabilities:		
Current portion of long-term and short-term debt	$ 1,334	$ 128,225
Accounts payable	186,941	157,825
Accrued expenses	142,935	131,067
Income taxes payable	789	7,793
Deferred revenue	164,343	171,624
Other current liabilities	38,251	43,214
Total current liabilities	534,593	639,748
Long-term debt	958,604	751,990
Deferred tax liabilities, net	123,644	50,450
Accrued pension and other postretirement benefit costs	138,904	264,047
Long-term portion of environmental reserves	15,498	14,905
Other liabilities	134,326	80,856
Total liabilities	1,905,569	1,801,996
Contingencies and Commitments (Note 13, 16, 18, and 20)		
STOCKHOLDERS' EQUITY		
Common stock, $1 par value, 100,000,000 shares authorized at December 31, 2013 and 2012; 49,189,702 shares issued at December 31, 2013 and 2012; outstanding shares were 47,638,835 at December 31, 2013 and 46,449,934 at December 31, 2012	49,190	49,190
Additional paid in capital	150,618	151,883
Retained earnings	1,380,981	1,261,377
Accumulated other comprehensive income (loss)	25,259	(55,508)
Common treasury stock, at cost (1,550,867 shares at December 31, 2013 and 2,739,768 shares at December 31, 2012)	(53,343)	(94,350)
Total stockholders' equity	1,552,705	1,312,592
Total liabilities and stockholders' equity	$3,458,274	$3,114,588

See notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

	2013	2012	2011
		For the years ended December 31, (In thousands)	
Cash flows from operating activities:			
Net earnings	$ 137,981	$ 113,844	$ 126,389
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	121,497	93,896	88,300
(Gain) loss on fixed asset disposals	77	(414)	(670)
Gain on bargain purchase	—	(910)	—
Gain on divestiture	—	(29,912)	(1,298)
Deferred income taxes	5,928	(3,871)	3,345
Share-based compensation	7,349	9,428	9,621
Impairment of assets	887	4,988	—
Changes in operating assets and liabilities, net of businesses acquired and disposed of:			
Accounts receivable, net	6,599	26,524	(78,850)
Inventories, net	(25,499)	(30,100)	(21,123)
Progress payments	(6,131)	(7,923)	11,264
Accounts payable and accrued expenses	8,567	(7,290)	15,628
Deferred revenue	(7,281)	(34,436)	51,724
Income taxes	(16,811)	15,211	3,917
Net pension and postretirement liabilities	(1,630)	(1,132)	(4,234)
Other current and long-term assets and liabilities	6,294	4,571	(2,160)
Net cash provided by operating activities	237,827	152,474	201,853
Cash flows from investing activities:			
Proceeds from sales and disposals of long-lived assets	1,348	2,557	2,497
Proceeds from divestitures	—	52,123	8,100
Acquisitions of intangible assets	—	(1,761)	(22)
Additions to property, plant, and equipment	(72,242)	(82,954)	(84,322)
Acquisition of businesses, net of cash acquired	(236,135)	(460,439)	(178,080)
Additional consideration paid on prior year acquisitions	(6,663)	(2,524)	—
Net cash used for investing activities	(313,692)	(492,998)	(251,827)
Cash flows from financing activities:			
Borrowings under revolving credit facility	983,109	576,934	1,002,600
Borrowings of debt	500,000	—	300,000
Payment of revolving credit facility	(1,229,148)	(296,145)	(1,112,814)
Principal payments on debt	(125,033)	—	—
Repurchases of company stock	—	(25,705)	(8,178)
Proceeds from share-based compensation plans	27,450	15,492	11,746
Dividends paid	(18,377)	(16,392)	(14,893)
Excess tax benefits from share-based compensation	2,137	57	1,343
Net cash provided by financing activities	140,138	254,241	179,804
Effect of exchange-rate changes on cash	(1,002)	3,919	(3,562)
Net increase (decrease) in cash and cash equivalents	63,271	(82,364)	126,268
Cash and cash equivalents at beginning of year	112,023	194,387	68,119
Cash and cash equivalents at end of year	$ 175,294	$ 112,023	$ 194,387
Supplemental disclosure of non-cash activities:			
Capital expenditures incurred but not yet paid	$ 4,546	$ 1,478	$ 3,600
Recognition of asset retirement obligation	$ —	$ 6,904	$ —
Property and equipment acquired under build to suit transaction	$ 6,225	$ —	$ —

See notes to consolidated financial statements

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock	Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock
			(In thousands)		
January 1, 2011	$48,558	$130,093	$1,052,429	$ (2,813)	$(88,194)
Net earnings	—	—	126,389	—	—
Other comprehensive income, net of tax	—	—	—	(62,318)	—
Dividends paid	—	—	(14,893)	—	—
Stock options exercised, net of tax	321	5,312	—	—	8,648
Other	—	(259)	—	—	259
Share-based compensation	—	8,046	—	—	1,575
Repurchase of common stock	—	—	—	—	(8,178)
December 31, 2011	$48,879	$143,192	$1,163,925	$(65,131)	$(85,890)
Net earnings	—	—	113,844	—	—
Other comprehensive income, net of tax	—	—	—	9,623	—
Dividends paid	—	—	(16,392)	—	—
Stock options exercised, net of tax	311	6,431	—	—	10,077
Restricted stock	—	(6,233)	—	—	6,233
Other	—	(414)	—	—	414
Share-based compensation	—	8,907	—	—	521
Repurchase of common stock	—	—	—	—	(25,705)
December 31, 2012	$49,190	$151,883	$1,261,377	$(55,508)	$(94,350)
Net earnings	—	—	137,981	—	—
Other comprehensive income, net of tax	—	—	—	80,767	—
Dividends paid	—	—	(18,377)	—	—
Stock options exercised, net of tax	—	(5,728)	—	—	34,451
Restricted stock, net of tax	—	(2,127)	—	—	5,796
Other	—	(330)	—	—	330
Share-based compensation	—	6,920	—	—	430
December 31, 2013	$49,190	$150,618	$1,380,981	$ 25,259	$(53,343)

See notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, automotive, shipbuilding, processing, oil, petrochemical, agricultural equipment, railroad, power generation, security, and metalworking industries.

A. Principles of Consolidation

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

B. Use of Estimates

The financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP), which requires management 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. 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, warranty reserves, legal reserves, and the estimate of future environmental costs. Actual results may differ from these estimates.

C. Revenue Recognition

The realization of revenue refers to the timing of its recognition in the accounts of the Corporation and is generally considered realized or realizable and earned when the earnings process is substantially complete and all of the following criteria are met: 1) persuasive evidence of an arrangement exists; 2) delivery has occurred or services have been rendered; 3) the Corporation's price to its customer is fixed or determinable; and 4) collectability is reasonably assured.

We determine the appropriate method by which we recognize revenue by analyzing the terms and conditions of each contract or arrangement entered into with our customers. Revenue is recognized on product sales as production units are shipped and title and risk of loss have transferred. Revenue is recognized on service type contracts as services are rendered. The significant estimates we make in recognizing revenue are primarily for long-term contracts generally accounted for using the cost-to-cost method of percentage of completion accounting that are associated with the design, development and manufacture of highly engineered industrial products used in commercial and defense applications. Under the cost-to-cost percentage-of-completion method of accounting, profits are recorded pro rata, based upon current estimates of direct and indirect costs to complete such contracts. 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. The effect of the changes on future periods of contract performance is recognized as if the revised estimate had been the original estimate. A significant change in an estimate on one or more contracts could have a material effect on the Corporation's consolidated financial position, results of operations, or cash flows. In 2013, there were no individual significant changes in estimated contract costs at completion. In 2012, the Corporation incurred unanticipated additional costs of $23.7 million on its long-term contract with Westinghouse for disassembly, inspection, and preparation for shipment costs related to the reactor coolant pumps (RCPs) that the Corporation is supplying for the AP1000 nuclear power plants in China. In addition, the Corporation recorded a cumulative catch up benefit of $14.2 million related to a change in estimate on its technology transfer contract on the AP1000 nuclear program. In 2011, the Corporation incurred unanticipated additional costs of $9.7 million to address a localized heating issue in the RCPs.

Losses on contracts are provided for in the period in which the losses become determinable and the excess of billings over cost and estimated earnings on long-term contracts is included in deferred revenue.

Corrections to Prior Years Amounts

The presentation of net sales and cost of sales in the prior year's statement of earnings has been corrected to separately present the components of product and service revenues and costs of sales. This change in presentation did not affect total revenues, total cost of sales, total gross profit, operating income, or net earnings.

D. Cash and Cash Equivalents

Cash equivalents consist of money market funds and commercial paper that are readily convertible into cash, all with original maturity dates of three months or less.

E. Inventory

Inventories are stated at lower of cost or market. Production costs are comprised of direct material and labor and applicable manufacturing overhead.

F. Progress Payments

Certain long-term contracts provide for interim billings as costs are incurred on the respective contracts. Pursuant to contract provisions, agencies of the U.S. Government and other customers are granted title or a secured interest for materials and work-in-process included in inventory to the extent progress payments are received. Accordingly, these receipts have been reported as a reduction of unbilled receivables and inventories, as presented in Notes 4 and 5 to the Consolidated Financial Statements.

G. Property, Plant, and Equipment

Property, plant, and equipment are carried at cost less accumulated depreciation. Major renewals and betterments are capitalized, while maintenance and repairs that do not improve or extend the life of the asset are expensed in the period they are incurred. Depreciation is computed using the straight-line method based upon the estimated useful lives of the respective assets.

Average useful lives for property, plant, and equipment are as follows:

Buildings and improvements	5 to 40 years
Machinery, equipment, and other	3 to 15 years

H. Intangible Assets

Intangible assets are generally the result of acquisitions and consist primarily of purchased technology, customer related intangibles, trademarks, and technology licenses. Intangible assets are amortized on a straight-line basis over their estimated useful lives, which range from 1 to 20 years. See Note 8 to the Consolidated Financial Statements for further information on other intangible assets.

I. Impairment of Long-Lived Assets

The Corporation reviews the recoverability of all long-lived assets, including the related useful lives, whenever events or changes in circumstances indicate that the carrying amount of a long-lived asset might not be recoverable. If required, the Corporation compares the estimated fair value determined by either the undiscounted future net cash flows or appraised value to the related asset's carrying value to determine whether there has been an impairment. If an asset is considered impaired, the asset is written down to fair value, in the period in which the impairment becomes known. In 2013, the Corporation recognized an impairment of $0.9 million in General and administrative expenses related to certain fixed assets where it was determined that the carrying value exceeded the estimated fair value. In 2012, the Corporation recognized an impairment of $5.0

million in General and administrative expenses, in connection with its 2012 restructuring plan, a component of which was exiting a facility.

J. Goodwill

Goodwill results from business acquisitions. The Corporation accounts for business acquisitions by allocating the purchase price to the tangible and intangible assets acquired and liabilities assumed. Assets acquired and liabilities assumed are recorded at their fair values, and the excess of the purchase price over the amounts allocated is recorded as goodwill. The recoverability of goodwill is subject to an annual impairment test or whenever an event occurs or circumstances change that would more likely than not result in an impairment. The impairment test is based on the estimated fair value of the underlying businesses. The Corporation's goodwill impairment test is performed as of October 31 of each year. See Note 7 to the Consolidated Financial Statements for further information on goodwill.

K. Pre-Contract Costs

The Corporation, from time to time, incurs costs to begin fulfilling the statement of work under a specific anticipated contract that has yet to be obtained from a customer. If it is determined that the recoveries of these costs are probable, the costs will be capitalized, excluding any start-up costs which are expensed as incurred. When circumstances change and the contract is no longer deemed probable, the capitalized costs will be recognized in earnings. Capitalized pre-contract costs were $1.8 million and $3.0 million at December 31, 2013 and 2012, respectively.

L. Fair Value of Financial Instruments

Accounting guidance requires certain disclosures regarding the fair value of financial instruments. Due to the short maturities of cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses, the net book value of these financial instruments is deemed to approximate fair value. See Notes 9 and 13 to the Consolidated Financial Statements for further information on the Corporation's Financial Instruments.

M. Research and Development

The Corporation funds research and development programs for commercial products and independent research and development and bid and proposal work related to government contracts. Development costs include engineering and field support for new customer requirements. Corporation-sponsored research and development costs are expensed as incurred.

Research and development costs associated with customer-sponsored programs are capitalized to inventory and are recorded in cost of sales when products are delivered or services performed. Funds received under shared development contracts are a reduction of the total development expenditures under the shared contract and are shown net as research and development costs.

N. Environmental Costs

The Corporation establishes a reserve for a potential environmental remediation liability on a site by site basis when it concludes that a determination of legal liability is probable and the amount of the liability can be reasonably estimated based on current law and existing technologies. Such amounts, if quantifiable, reflect the Corporation's estimate of the amount of that liability. If only a range of potential liability can be estimated and no amount within the range is more probable than another, a reserve will be established at the low end of that range. At sites involving multiple parties, the Corporation accrues environmental liabilities based upon its expected share of the liability, taking into account the financial viability of other jointly liable partners. Such reserves are adjusted as assessment and remediation efforts progress or as additional information becomes available. Approximately 27% of the Corporation's environmental reserves as of December 31, 2013, represent the current value of anticipated remediation costs and are not discounted primarily due to the uncertainty of timing of expenditures. The remaining environmental reserves are discounted to reflect the time value of money since the amount and timing of cash payments for the liability are reliably determinable. All environmental reserves exclude any potential recovery from insurance carriers or third-party legal actions. See Note 16 to the Consolidated Financial Statements for additional information.

O. Accounting for Share-Based Payments

The Corporation follows the fair value based method of accounting for share-based employee compensation, which requires the Corporation to expense all share-based employee compensation. Share-based employee compensation is a non-cash expense since the Corporation settles these obligations by issuing the shares of Curtiss-Wright Corporation instead of settling such obligations with cash payments.

Compensation expense for all non-qualified share options, performance shares, performance-based restricted shares, time-based restricted stock, and performance-based restricted stock units is recognized on a graded schedule over the requisite service period for the entire award based on the grant date fair value.

P. Earnings Per Share

The Corporation is required to report both basic earnings per share (EPS), based on the weighted-average number of Common shares outstanding, and diluted earnings per share, based on the basic EPS adjusted for all potentially dilutive shares issuable. The calculation of EPS is disclosed in Note 14 to the Consolidated Financial Statements.

Q. Income Taxes

The Corporation accounts for income taxes using the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The effect on deferred tax assets and liabilities of a change in tax laws is recognized in the results of operations in the period the new laws are enacted. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets unless it is more likely than not that such assets will be realized.

The Corporation records amounts related to uncertain income tax positions by 1) prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements and 2) the measurement of the income tax benefits recognized from such positions. The Corporation's accounting policy is to classify uncertain income tax positions that are not expected to be resolved in one year as a non-current income tax liability and to classify interest and penalties as a component of Interest expense and General and administrative expenses, respectively. See Note 12 to the Consolidated Financial Statements for further information.

R. Foreign Currency

For operations outside the United States of America that prepare financial statements in currencies other than the U.S. dollar, the Corporation translates assets and liabilities at period-end exchange rates and income statement amounts using weighted-average exchange rates for the period. The cumulative effect of translation adjustments is presented as a component of accumulated other comprehensive income within stockholders' equity. This balance is affected by foreign currency exchange rate fluctuations and by the acquisition of foreign entities. Gains and (losses) from foreign currency transactions are included in General and administrative expenses within the results of operations, which amounted to $2.6 million, $(2.3) million, and $(0.8) million for the years ended December 31, 2013, 2012, and 2011, respectively.

S. Derivatives

Forward Foreign Exchange and Currency Option Contracts

The Corporation uses financial instruments, such as forward exchange and currency 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. All of the derivative financial instruments are recorded at fair value based upon quoted market prices for comparable instruments, with the gain or loss on these transactions recorded into earnings in the period in which they occur. These gains and (losses) are classified as General and administrative expenses in the Consolidated Statements of Earnings and amounted to $(6.2) million, $0.9 million, and $(0.7) million for the years ended December 31, 2013, 2012 and 2011, respectively. The Corporation does not use derivative financial instruments for trading or speculative purposes.

Interest Rate Risks and Related Strategies

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.

T. Recently Issued Accounting Standards

Adoption of New Standards

Other Comprehensive Income: Presentation of Comprehensive Income

In February 2013, new guidance was issued that amends the current comprehensive income guidance. The new guidance requires entities to disclose the effect of each item that was reclassified in its entirety out of accumulated other comprehensive income and into net income on each affected net income line item. For reclassification items that are not reclassified in their entirety into net income, a cross-reference to other required disclosures is required. The new guidance is to be applied prospectively for annual reporting periods beginning after December 15, 2012 and interim periods within those years. The adoption of this new guidance did not have an impact on the Corporation's consolidated financial position, results of operations, or cash flows.

2. DISCONTINUED OPERATIONS

Heat Treating Business

On March 30, 2012, the Corporation sold the assets and real estate of its heat treating business, which had been reported in the Surface Technologies segment, to Bodycote plc for $52 million. The heat treating business' operating results are included in discontinued operations in the Corporation's Consolidated Statement of Earnings for all periods presented.

Components of earnings from discontinued operations are as follows for the year ended December 31:

	2013	2012	2011
		(In thousands)	
Net sales	$—	$10,785	$36,510
Earnings from discontinued operations before income taxes	—	4,929	12,521
Provision for income taxes	—	(1,886)	(4,752)
Gain on divestiture, net of taxes of $11,400	—	18,512	—
Earnings from discontinued operations	$—	$21,555	$ 7,769

Legacy Distribution Business

On July 29, 2011, the Corporation sold the assets of the legacy distribution business within the Flow Control segment to McJunkin Red Man Corporation for $4.6 million in cash. The determination was made to divest the business as it was not considered a core business of the Corporation. The disposal resulted in a loss of less than $0.1 million and was not reported as a discontinued operation as the amounts are not considered significant. The business contributed $13.7 million in sales and a pretax loss of $0.3 million for the year ended December 31, 2010.

Hydro-pneumatic (Hydrop) product line

On September 29, 2011, the Corporation sold the assets of the Hydrop suspension business, within the Controls segment, to Stromsholmen AB, a subsidiary of the Barnes Group for CHF 3.1 million ($3.5 million) in cash. The determination was made to divest the business as it was not considered a core business of the Corporation. The disposal resulted in a $1.3 million pre-tax gain and was not reported as discontinued operations as the amounts are not considered significant. This business contributed $0.8 million in sales for the year ended December 31, 2010.

3. ACQUISITIONS

The Corporation continually evaluates potential acquisitions that either strategically fit within the Corporation's existing portfolio or expand the Corporation's portfolio into new product lines or adjacent markets. The Corporation has completed a number of acquisitions that have been accounted for as business combinations and have resulted in the recognition of goodwill in the Corporation's financial statements. This goodwill arises because the purchase prices for these businesses reflect the future earnings and cash flow potential in excess of the earnings and cash flows attributable to the current product and customer set at the time of acquisition. Thus, goodwill inherently includes the know-how of the assembled workforce, the ability of the workforce to further improve the technology and product offerings, and the expected cash flows resulting from these efforts. Goodwill may also include expected synergies resulting from the complementary strategic fit these businesses bring to existing operations.

The Corporation allocates the purchase price at the date of acquisition based upon its understanding of the fair value of the acquired assets and assumed liabilities. In the months after closing, as the Corporation obtains additional information about these assets and liabilities, including through tangible and intangible asset appraisals, and as the Corporation learns more about the newly acquired business, it is able to refine the estimates of fair value and more accurately allocate the purchase price. Only items identified as of the acquisition date are considered for subsequent adjustment. The Corporation will make appropriate adjustments to the purchase price allocation prior to completion of the measurement period, as required.

In 2013, the Corporation acquired five businesses for an aggregate purchase price of $236.1 million, all of which are described in more detail below. In 2012, the Corporation acquired eight businesses for an aggregate purchase price of $462.4 million, net of cash acquired, all of which are described in more detail below. In 2011, the Corporation acquired eight businesses for an aggregate purchase of $183.3 million, all of which are described in more detail below.

The amounts of net sales and net loss included in the Corporation's consolidated statement of earnings from the acquisition date to the period ended December 31, 2013 are $74.0 million and $3.3 million, respectively.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition for all acquisitions consummated during 2013, 2012, and 2011:

	2013	2012	2011
		(In thousands)	
Accounts receivable	$ 25,972	$ 53,753	$ 19,078
Inventory	30,930	52,225	23,813
Property, plant, and equipment	18,066	40,915	22,526
Other current assets	3,229	7,244	1,182
Intangible assets	102,751	182,681	53,717
Current and non-current liabilities	(19,599)	(44,617)	(13,510)
Pension and postretirement benefits	(6,472)	(8,144)	—
Deferred income taxes	(19,920)	(51,830)	(2,303)
Debt assumed	—	(13,819)	—
Due to seller	(2,856)	(240)	—
Net tangible and intangible assets	132,101	218,168	104,503
(Gain on Bargain Purchase)	—	(910)	—
Purchase price	236,135	462,416	183,328
Goodwill	$104,034	$245,158	$ 78,825

Supplemental Pro Forma Statements of Operations Data (Unaudited)

The assets, liabilities and results of operations of the businesses acquired in 2011 were not material to the Corporation's consolidated financial position or results of operations, and therefore pro forma financial information for such business acquisitions is not presented.

The following table presents unaudited consolidated pro forma financial information for the combined results of the Corporation and its completed business acquisitions during the year ended December 31, 2013 and 2012 as if the 2013 acquisitions had occurred on January 1, 2012. Pro forma results were previously disclosed for the 2012 acquisitions as if the 2012 acquisitions had occurred on January 1, 2011, and the 2012 pro forma provided below was prepared using the same assumption.

	2013	2012
	(In thousands, except per share data)	
Net sales	$2,580,394	$2,548,727
Net earnings from continuing operations	144,341	99,051
Diluted earnings per share from continuing operations	3.01	2.09

The unaudited pro forma consolidated results were prepared using the acquisition method of accounting and are based on the historical financial information for a 12 month period. The unaudited pro forma consolidated results are not necessarily indicative of what our consolidated results of operations actually would have been had we completed the acquisitions on January 1, 2012. In addition, the unaudited pro forma consolidated results do not purport to project the future results of operations of the combined company nor do they reflect the expected realization of any cost savings associated with the acquisition. The unaudited pro forma consolidated results reflect primarily the following pro forma pre-tax adjustments:

- Elimination of historical intangible asset amortization expense (approximately $0.7 million and $2.9 million in 2013 and 2012, respectively).
- Additional amortization expense (approximately $3.7 million and $23.0 million in 2013 and 2012, respectively) related to the fair value of identifiable intangible assets acquired.
- Additional depreciation expense (approximately $1.3 million and $1.8 million in 2013 and 2012, respectively) related to the fair value adjustment to property, plant and equipment acquired.
- Elimination of the fair value adjustments to acquisition-date inventory that has been sold in 2013 of $3.7 million, and recognition in 2012 of the full value of the fair value adjustment to acquisition date inventory.
- Reclassification of $2.1 million of the Corporation's 2013 acquisition costs directly attributable to the acquisition into 2012. Included in these costs are advisory, investment banking and legal and regulatory costs incurred by the Corporation. The Corporation records acquisition costs in General and administrative expenses.
- Elimination of historical interest expense (approximately $0.6 million and $6.8 million in 2013 and 2012, respectively).
- Additional interest expense (approximately $4.3 million and $26.3 million in 2013 and 2012, respectively) associated with the incremental borrowings that would have been incurred to acquire these companies as of January 1, 2012.

FLOW CONTROL

2013 Acquisitions

Ovalpath

On October 1, 2013, the Corporation acquired the assets of Ovalpath, Inc. for $2.3 million in cash. The Asset Purchase Agreement contains representations and warranties customary for a transaction of this type, including a portion of the purchase price held back as security for potential indemnification claims against the seller. The Asset Purchase Agreement also provides for contingent consideration based on achievement of certain sales targets. Based on the estimated amount of sales over the five-year measurement period, the

Corporation recorded a liability of the estimated fair value of the contingent consideration in the amount of $1.5 million.

Based in San Jose, CA, Ovalpath has developed a proprietary software platform utilizing mobile technology to enable applications that provide significant efficiencies within a nuclear plant. Ovalpath operates within the Nuclear Group division of the Flow Control segment.

Gulf33 Valve Pros, LLC

On September 16, 2013, the Corporation acquired the assets of Gulf33 Valve Pro, LLC for $3.3 million in cash. The Asset Purchase Agreement contains representations and warranties customary for a transaction of this type, including a portion of the purchase price retained as security for potential indemnification claims against the seller. Management funded the purchase from the Corporation's revolving credit facility.

Based in Louisiana, Gulf33 provides valve repair and maintenance services to the offshore oil and gas market and operates within the Oil and Gas Systems division of the Flow Control segment.

Phönix Group

On February 28, 2013, the Corporation acquired all the outstanding shares of Phönix Holding GmbH for $97.9 million, net of cash acquired. The Share Purchase and Transfer Agreement contains a purchase price adjustment mechanism and representations and warranties customary for a transaction of this type, including a portion of the purchase price deposited into escrow as security for potential indemnification claims against the seller. Management funded the purchase from the Corporation's revolving credit facility and excess cash at foreign locations.

Phönix, headquartered in Germany, is a designer and manufacturer of valves, valve systems, and related support services to the global chemical, petrochemical and power (both conventional and nuclear) markets. Phönix has 282 employees and operates Phönix Valves in Volkmarsen, Germany; Strack, located in Barleben, Germany; and Daume Control Valves, located in Hanover, Germany. Phönix also owns sales subsidiaries with warehouses in Texas and France.

Revenues of the acquired business were approximately $60.0 million in 2012. The business operates within the Marine & Power Products Division of Curtiss-Wright's Flow Control segment.

The purchase price of the acquisition has been allocated to the net tangible and intangible assets acquired with the remainder recorded as goodwill on the basis of estimated fair values, as follows:

	Phönix	Gulf 33	Ovalpath	Total
		(In thousands)		
Accounts receivable	$ 12,226	$ 581	$ 85	$ 12,892
Inventory	20,358	101	—	20,459
Property, plant, and equipment	12,575	269	—	12,844
Other current and non-current assets	2,153	—	—	2,153
Intangible assets	42,791	1,260	600	44,651
Current and non-current liabilities	(7,497)	(239)	(18)	(7,754)
Pension and postretirement benefits	(6,472)	—	—	(6,472)
Deferred income taxes	(14,402)	—	—	(14,402)
Due to seller	—	(622)	(1,750)	
Net tangible and intangible assets	61,732	1,350	(1,083)	64,371
Purchase price	97,886	3,328	2,250	103,464
Goodwill	$ 36,154	$1,978	$ 3,333	$ 41,465
Tax deductible goodwill	$ —	$1,978	$ 3,333	

2012 Acquisitions

Cimarron Energy

On November 21, 2012, the Corporation acquired Cimarron Energy, Inc. through the acquisition of 100% of the membership interests of Cimarron Energy Holding Company, LLC, for a net cash purchase price of $132.6 million. The Purchase Agreement contains a purchase price adjustment mechanism and representations and warranties customary for a transaction of this type, including a portion of the purchase price deposited into escrow as security for potential indemnification claims against the seller. Management funded the purchase from the Corporation's revolving credit facility.

Cimarron is a manufacturer of highly customized and engineered energy production, processing, and environmental solutions for the U.S. oil and gas industry. Cimarron has 368 employees and is headquartered in Norman, OK. Revenues of the acquired business were approximately $98 million for the year ended 2011. The business operates within the Oil and Gas Systems division of the Flow Control segment.

A.P. Services, LLC

On November 5, 2012, the Corporation acquired AP Services, LLC, through the acquisition of 100% of the membership interests of A.P. Holdco, LLC, the parent company of the operating entity, for a cash purchase price of $30.4 million. The agreement also contains representations and warranties customary for a transaction of this type, including a portion of the purchase price deposited into escrow as security for potential indemnification claims against the seller. Management funded the purchase from the Corporation's revolving credit facility.

A.P. Services is a supplier of fluid sealing technologies and services to the nuclear and fossil power generation markets, with proven performance in delivering solutions that improve plant reliability and safety and also reduce operation and maintenance costs. A.P. Services has 84 employees and is based in Freeport, PA. Revenues of the acquired business were approximately $23 million for the year ended 2011. The business operates within the Nuclear Group division of the Flow Control segment.

Other Flow Control

During 2012, the Corporation acquired three product lines in two separate transactions for an aggregate purchase price of approximately $7 million. These product lines serve the commercial nuclear power market and consist of original equipment and re-engineered replacement products for obsolete equipment and product technology supporting steam generators on nuclear reactors. One of the acquisitions resulted in the recognition of a gain on bargain purchase of $0.9 million, as the value of assets acquired of $1.2 million exceeded the purchase price of $0.3 million. The Corporation integrated these product lines within the Nuclear Group division of the Flow Control segment.

The purchase price of the acquisitions has been allocated to the net tangible and intangible assets acquired with the remainder recorded as goodwill on the basis of estimated fair values, as follows:

	AP Services	Cimarron	Other Flow	Total
	(In thousands)			
Accounts receivable	$ 2,805	$ 21,706	$ —	$ 24,511
Inventory	2,389	18,987	236	21,612
Property, plant, and equipment	3,488	8,094	—	11,582
Other current assets	204	618	—	822
Intangible assets	8,000	55,000	4,681	67,681
Current and non-current liabilities	(1,121)	(21,434)	(75)	(22,630)
Deferred income taxes	(3,064)	(18,853)	—	(21,917)
Due to seller	—	—	(240)	(240)
Net tangible and intangible assets	12,701	64,118	4,602	81,421
Gain on bargain purchase	—	—	(910)	(910)
Purchase price	30,360	132,581	6,974	170,176
Goodwill	$17,659	$ 68,463	$3,282	$ 89,665
Tax deductible goodwill	$13,554	$ —	$3,282	

2011 Acquisitions

Anatec International, Inc. and Lambert, MacGill, Thomas, Inc. (LMT)

On December 2, 2011, the Corporation acquired the assets of Anatec International, Inc, and Lambert, MacGill, Thomas, Inc. (Anatec and LMT) for $35.2 million in cash, including a purchase price adjustment of $1.2 million. The Asset Purchase Agreement contains customary representations and warranties, including a portion of the purchase price deposited into escrow as security for potential indemnification claims against the seller. Management funded the purchase from the Corporation's revolving credit facility. As of December 31, 2012, all funds held in escrow have been released to the seller with no claims outstanding.

Anatec and LMT perform testing and inspection services for commercial nuclear power plants to ensure safety, operational soundness, and compliance with regulatory codes. Anatec and LMT operates within the Nuclear Group division of the Flow Control segment. Anatec and LMT have 50 full-time personnel and manage an additional seasonal workforce of approximately 150 during nuclear plant maintenance outages. Anatec and LMT are headquartered in San Clemente, CA, with four additional facilities to support nuclear plant operations in the U.S. Revenues of the acquired business were approximately $20 million for the year ended 2010.

Douglas Equipment Ltd.

On April 6, 2011, the Corporation acquired the net assets of Douglas Equipment Ltd. (Douglas) for £12.3 million ($20.1 million) in cash. The Business Transfer Agreement contains customary representations and warranties, including a portion of the purchase price deposited into escrow as security for potential indemnification claims against the seller. Management funded the purchase from the Corporation's revolving credit facility.

Douglas designs and manufactures aircraft handling systems for the defense and commercial aerospace markets and operates within the Marine and Power Products division of the Flow Control segment. Douglas has approximately 135 employees and is headquartered in Cheltenham, U.K. Revenues of the acquired business were approximately $28 million for the year ended 2010.

The purchase price of the acquisitions has been allocated to the net tangible and intangible assets acquired with the remainder recorded as goodwill on the basis of estimated fair values, as follows:

	Anatec	Douglas	Total
		(In thousands)	
Accounts receivable	$ 4,685	$ 945	$ 5,630
Inventory	—	10,914	10,914
Property, plant, and equipment	1,581	619	2,200
Other current assets	185	309	494
Intangible assets	14,936	6,697	21,633
Current liabilities	(818)	(5,038)	(5,856)
Net tangible and intangible assets	20,569	14,446	35,015
Purchase price	35,201	20,094	55,295
Goodwill	$14,632	$ 5,648	$20,280
Tax deductible goodwill	$14,632	$ 5,648	

CONTROLS

2013 Acquisitions

Arens Controls

On October 4, 2013, the Corporation acquired 100% of the membership interests of Arens Controls, LLC (Arens) for $95.6 million in cash, net of purchase price adjustments and cash acquired. The Purchase Agreement contains customary representations and warranties, including a portion of the purchase price deposited into escrow as security for potential indemnification claims against the seller. Management funded the purchase from the Corporation's revolving credit facility.

Arens is a designer and manufacturer of highly-engineered, precision operator interface controls and power management systems for commercial and off-road industrial vehicles. The acquired business operates within the Avionics & Industrial division of the Controls segment.

Arens has approximately 120 employees and is headquartered in Arlington Heights, Illinois. Revenues of the acquired business were approximately $57 million for the year ended 2012.

Parvus

On October 1, 2013, the Corporation acquired 100% of the share capital of Parvus Corporation (Parvus) for $37.1 million in cash, net of cash acquired. The Stock Purchase Agreement contains customary representations and warranties, including a portion of the purchase price deposited into escrow as security for potential indemnification claims against the seller. Management funded the purchase from the Corporation's revolving credit facility.

Parvus is a designer and manufacturer of rugged small form factor computers and communications subsystems for the aerospace, defense, homeland security, and industrial markets. The acquired business operates within the Defense Solutions division of the Controls segment.

Parvus has approximately 50 employees and is headquartered in Salt Lake City, Utah. Revenues of the acquired business were approximately $20 million for the year ended 2012.

The purchase price of the acquisitions has been allocated to the net tangible and intangible assets acquired with the remainder recorded as goodwill on the basis of estimated fair values, as follows:

	Parvus	Arens	Total
		(In thousands)	
Accounts receivable	$ 3,639	$ 9,441	$ 13,080
Inventory	5,122	5,349	10,471
Property, plant, and equipment	435	4,787	5,222
Other current assets	104	972	1,076
Intangible assets	15,000	43,100	58,100
Current and non-current liabilities	(3,854)	(7,991)	(11,845)
Deferred income taxes	(5,518)	—	(5,518)
Due to seller	(484)	—	(484)
Net tangible and intangible assets	14,444	55,658	70,102
Purchase price	37,059	95,612	132,671
Goodwill	$22,615	$39,954	$ 62,569
Tax deductible goodwill	$ —	$39,954	

2012 Acquisitions

Exlar Corporation

On December 28, 2012, the Corporation acquired all the outstanding shares of Exlar Corporation for $84.7 million, net of cash acquired. The Stock Purchase Agreement contains a purchase price adjustment mechanism and representations and warranties customary for a transaction of this type, including a portion of the purchase price deposited into escrow as security for potential indemnification claims against the seller. Management funded the purchase from the Corporation's revolving credit facility.

Exlar is a provider of motion control solutions, specifically electric actuators, to industry-leading customers in a variety of end markets including factory automation, food process/packaging and energy process, and military applications. Exlar employs 183 people and is headquartered in Chanhassen, Minnesota, with a sales and service office near Frankfurt, Germany. Revenues of the acquired business were approximately $40.0 million in 2011. The business will operate within the Integrated Sensing division of the Controls segment.

PG Drives Technology

On November 1, 2012, the Corporation acquired the net assets of PG Drives Technology, a business unit of Spirent plc, for $63.2 million in cash. The Asset Purchase Agreement contains customary representations and warranties. Management funded the purchase from the Corporation's revolving credit facility and available cash on hand in foreign locations.

PG Drives Technology is a designer and manufacturer of highly engineered controllers and drives used in a wide variety of advanced electric-powered industrial and medical vehicles. PG Drives has 186 employees and operates principally from a design and manufacturing site in Christchurch, UK, with additional sales and technical support offices in the U.S., Taiwan, China, Hong Kong, South Korea, and Australia. Revenues of the acquired business were approximately $58.0 million in 2011. The business operates within the Avionics and Industrial division of the Controls segment.

Williams Controls

On October 31, 2012, the Corporation entered into a definitive merger agreement to acquire Williams Controls in a cash tender offer of $15.42 per share. Total cash consideration for the shares, including the value of restricted stock and stock options, was approximately $109.1 million, net of cash acquired of $10.2 million. The Corporation also assumed $13.8 million in bank debt. Management funded the purchase from the Corporation's revolving credit facility.

Williams Controls is a designer and manufacturer of highly engineered electronic sensors and electronic throttle controls for off-road equipment, heavy trucks, and military vehicles. Williams employs 294 people and operates principally from their headquarters in Portland, Oregon, with additional production facilities in China and India. Revenues of the acquired business were approximately $64.4 million for their last fiscal year ending September 30, 2012. The business operates within the Avionics and Industrial division of the Controls segment.

The purchase price of the acquisitions has been allocated to the net tangible and intangible assets acquired with the remainder recorded as goodwill on the basis of estimated fair values, as follows:

	PG Drives	Williams Controls	Exlar	Total
		(In thousands)		
Accounts receivable	$ 7,596	$ 10,383	$ 5,852	$ 23,831
Inventory	10,541	10,434	8,039	29,014
Property, plant, and equipment	1,589	16,137	4,902	22,628
Other current assets	220	4,518	1,684	6,422
Intangible assets	25,200	44,000	36,400	105,600
Current and non-current liabilities	(4,739)	(11,131)	(6,061)	(21,931)
Pension and postretirement benefits	—	(8,144)	—	(8,144)
Deferred income taxes	(244)	(14,820)	(14,849)	(29,913)
Debt assumed	—	(13,819)	—	(13,819)
Net tangible and intangible assets	40,163	37,558	35,967	113,688
Purchase price	63,219	109,077	84,708	257,963
Goodwill	$23,056	$ 71,519	$ 48,741	$144,275
Tax deductible goodwill	$23,056	$ —	$ —	

2011 Acquisitions

South Bend Controls

On October 11, 2011, the Corporation acquired the assets of South Bend Controls (SBC) for $11.2 million in cash, including a purchase price adjustment of $0.3 million. The Asset Purchase Agreement contains customary representations and warranties, including a portion of the purchase price deposited into escrow as security for potential indemnification claims against the seller. Management funded the purchase primarily from the Corporation's revolving credit facility and available cash on hand.

SBC is a designer and manufacturer of highly engineered, solenoid-based components used in critical applications serving the aerospace, defense, industrial, and medical markets. Based in South Bend, Indiana, SBC has 63 employees, with union representation for 36 members of the workforce. Revenues of the acquired business were approximately $8.0 million in 2010. The business operates within the Integrated Sensing division of the Controls segment.

ACRA Control Ltd.

On July 28, 2011, the Corporation acquired all of the issued and outstanding capital stock of ACRA Control Ltd. (ACRA) for €42.6 million (approximately $61.1 million) in cash, net of cash acquired. The Share Purchase Agreement contains customary representations and warranties, including a portion of the purchase price deposited into escrow as security for potential indemnification claims against the seller. Management funded the purchase primarily from the Corporation's revolving credit facility and cash generated from foreign operations.

ACRA is a supplier of data acquisition systems and networks, data recorders, and telemetry ground stations for both defense and commercial aerospace markets and operates within the Integrated Sensing division of the Controls segment. ACRA had 128 employees on the date of acquisition and operates from a leased facility in Dublin, Ireland. ACRA had revenues of approximately €20.5 million ($26.2 million) for its fiscal year ended March 31, 2011.

Predator Systems, Inc.

On January 7, 2011, the Corporation acquired all the issued and outstanding capital stock of Predator Systems, Inc. (PSI) for $13.5 million in cash. The Stock Purchase Agreement contains customary representations and warranties, including a portion of the purchase price deposited into escrow as security for potential indemnification claims against the seller. Management funded the purchase from the Corporation's revolving credit facility.

PSI designs and manufactures motion control components and subsystems for ground defense, ordnance guidance, and aerospace applications and operates within the Flight Systems division of the Controls segment. PSI had 45 employees as of the date of the acquisition and is headquartered in Boca Raton, FL. Revenues of the acquired business were approximately $8.0 million for the year ended December 31, 2010.

The purchase price of the acquisitions has been allocated to the net tangible and intangible assets acquired with the remainder recorded as goodwill on the basis of estimated fair values, as follows:

	South Bend	ACRA	PSI	Total
		(In thousands)		
Accounts receivable	$ 1,635	$ 8,901	$ 862	$11,398
Inventory	2,990	6,539	1,856	11,385
Property, plant, and equipment	727	1,600	2,100	4,427
Other current assets	32	456	67	555
Intangible assets	3,500	17,054	4,700	25,254
Current and non-current liabilities	(648)	(6,048)	(190)	(6,886)
Deferred income taxes	—	(2,303)	—	(2,303)
Net tangible and intangible assets	8,236	26,199	9,395	43,830
Purchase price	11,175	61,053	13,503	85,731
Goodwill	$ 2,939	$34,854	$ 4,108	$41,901
Tax deductible goodwill	$ 2,939	$ —	$ 4,108	

SURFACE TECHNOLOGIES

2012 Acquisitions

F.W. Gartner Thermal Spraying, Ltd.

On December 31, 2012, the Corporation acquired the assets of F.W. Gartner Thermal Spraying, Ltd. (Gartner), for approximately $35.5 million in cash. The Asset Purchase Agreement contains a purchase price adjustment mechanism and representations and warranties customary for a transaction of this type, including a portion of the purchase price deposited into escrow as security for potential indemnification claims against the seller. Management funded the purchase from the Corporation's revolving credit facility.

Gartner is a provider of thermal spray coatings for the oil and gas, petrochemical, power generation, and other industrial markets in the U.S. Gartner operates out of two leased facilities in the Houston, TX area and employs 115 people. Revenues of the acquired business were approximately $19 million for the year ended December 31, 2011.

The purchase price of the acquisitions has been allocated to the net tangible and intangible assets acquired with the remainder recorded as goodwill on the basis of estimated fair values, as follows:

	Gartner
	(In thousands)
Accounts receivable	$ 5,411
Inventory	1,599
Property, plant, and equipment	6,705
Intangible assets	9,400
Current and non-current liabilities	(56)
Due to seller	—
Net tangible and intangible assets	23,059
Purchase price	35,497
Goodwill	$12,438
Tax deductible goodwill	$12,438

2011 Acquisitions

IMR Test Labs

On July 22, 2011, the Corporation acquired the assets of IMR Test Labs (IMR), for approximately $20.0 million in cash. The Corporation paid $18.0 million at closing, with a portion of the purchase price retained as security for potential indemnification claims. The purchase price retention of $2.0 million was paid to the sellers in 2013. Management funded the purchase primarily from the Corporation's revolving credit facility and available cash on hand.

The agreement also provides for contingent consideration based on achievement of certain sales targets. Based on the estimated amount of sales over the two-year measurement period, the Corporation recorded a liability of the estimated fair value of the contingent consideration in the amount of $1.6 million. In 2012, $0.6 million was paid to the sellers related to 2011 performance. In 2013, a final payment of $1.0 million was paid related to 2012 performance. Additional purchase price of $0.2 million was also recorded related to the agreement's purchase price adjustment mechanism, resulting in final cash consideration paid of $21.8 million.

IMR is a provider of mechanical and metallurgical testing services for the aerospace, power generation, and general industrial markets. Revenues of the acquired business were approximately $14.0 million for the year ended December 31, 2010.

Surface Technologies Division of BASF Corporation

On April 8, 2011, the Corporation acquired certain assets of BASF Corporation's Surface Technologies (BASF) business for $20.5 million in cash. The Asset Purchase Agreement contains customary representations and warranties and provided for a purchase price adjustment based on the value of inventory at closing. The purchase price adjustment is reflected in the disclosed purchase price. Management funded the purchase from the Corporation's revolving credit facility.

BASF's Surface Technologies business is a supplier of metallic and ceramic thermal spray coatings primarily for the aerospace and power generation markets and expands the coatings capabilities within the Surface Technologies segment. The business has approximately 150 employees at three operating facilities located in East Windsor, CT, Wilmington, MA, and Duncan, SC. Revenues of the acquired business were approximately $29.0 million for the year ended December 31, 2010.

The purchase price of the acquisitions has been allocated to the net tangible and intangible assets acquired with the remainder recorded as goodwill on the basis of estimated fair values, as follows:

	BASF	IMR	Total
	(In thousands)		
Accounts receivable	$ —	$ 2,050	$ 2,050
Inventory	1,514	—	1,514
Property, plant, and equipment	12,774	3,125	15,899
Other current assets	—	133	133
Intangible assets	3,000	3,830	6,830
Current liabilities	(263)	(505)	(768)
Net tangible and intangible assets	17,025	8,633	25,658
Purchase price	20,501	21,801	42,302
Goodwill	$ 3,476	$13,168	$16,644
Tax deductible goodwill	$ 3,476	$13,168	

4. RECEIVABLES

Receivables include current notes, amounts billed to customers, claims, other receivables, and unbilled revenue on long-term contracts, consisting of amounts recognized as sales but not billed. Substantially all amounts of unbilled receivables are expected to be billed and collected in the subsequent 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.

Credit risk is diversified due to the large number of entities comprising the Corporation's customer base and their geographic dispersion. The Corporation is either a prime contractor or subcontractor to various agencies of the U.S. Government. Revenues derived directly and indirectly from government sources (primarily the U.S. Government) were 30% and 37% of consolidated revenues in 2013 and 2012, respectively. Total receivables due primarily from the U.S Government were $205.1 million and $201.6 million at December 31, 2013 and 2012, respectively. Government (primarily the U.S. Government) unbilled receivables, net of progress payments, were $82.5 million and $87.6 million at December 31, 2013 and 2012, respectively.

The composition of receivables is as follows as of December 31:

	2013	2012
	(In thousands)	
Billed receivables:		
Trade and other receivables	$444,841	$402,891
Less: Allowance for doubtful accounts	(6,857)	(7,013)
Net billed receivables	437,984	395,878
Unbilled receivables:		
Recoverable costs and estimated earnings not billed	184,120	207,679
Less: Progress payments applied	(18,512)	(25,244)
Net unbilled receivables	165,608	182,435
Receivables, net	$603,592	$578,313

The net receivable balance at December 31, 2013, included $32.0 million related to the Corporation's 2013 acquisitions.

5. 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 as of December 31 is as follows:

	2013	2012
	(In thousands)	
Raw material	$231,219	$224,613
Work-in-process	114,372	92,761
Finished goods and component parts	117,444	107,173
Inventoried costs related to U.S. Government and other long-term contracts	58,796	38,000
Gross inventories	521,831	462,547
Less: Inventory reserves	(54,400)	(50,333)
Progress payments applied, principally related to long-term contracts	(15,344)	(14,743)
Inventories, net	$452,087	$397,471

The net inventory balance at December 31, 2013 included $26.4 million related to the Corporation's 2013 acquisitions.

As of December 31, 2013 and 2012, inventory also includes capitalized contract development costs of $37.1 million and $23.8 million, respectively, related to certain aerospace and defense programs. These capitalized costs will be liquidated as production units are delivered to the customer. As of December 31, 2013 and 2012, $13.8 million and $5.4 million, respectively, are scheduled to be liquidated under existing firm orders.

6. PROPERTY, PLANT, AND EQUIPMENT

The composition of property, plant, and equipment is as follows as of December 31:

	2013	2012
	(In thousands)	
Land	$ 24,250	$ 23,252
Buildings and improvements	218,551	205,306
Machinery, equipment, and other	800,573	725,558
Property, plant, and equipment, at cost	1,043,374	954,116
Less: Accumulated depreciation	(527,656)	(464,523)
Property, plant, and equipment, net	$ 515,718	$ 489,593

Depreciation expense for the years ended December 31, 2013, 2012, and 2011 was $71.6 million, $62.8 million, and $59.5 million, respectively.

The net property, plant, and equipment balance at December 31, 2013, included $17.7 million related to the Corporation's 2013 acquisitions.

7. GOODWILL

The changes in the carrying amount of goodwill for 2013 and 2012 are as follows:

	Flow Control	Controls	Surface Technologies	Consolidated
	(In thousands)			
December 31, 2011	$328,219	$385,784	$45,439	$ 759,442
Acquisitions	88,975	146,974	11,913	247,862
Divestitures	—	—	(3,649)	(3,649)
Goodwill adjustments	(707)	429	—	(278)
Foreign currency translation adjustment	1,697	8,039	187	9,923
December 31, 2012	$418,184	$541,226	$53,890	$1,013,300
Acquisitions	$ 41,465	$ 62,569	$ —	$ 104,034
Goodwill adjustments	429	(3,689)	525	(2,735)
Foreign currency translation adjustment	(1,455)	(2,728)	13	(4,170)
December 31, 2013	$458,623	$597,378	$54,428	$1,110,429

The purchase price allocations relating to the businesses acquired are initially based on estimates. The Corporation adjusts these estimates based upon final analysis including input from third party appraisals, when deemed appropriate. The determination of fair value is finalized no later than twelve months from acquisition. Goodwill adjustments represent subsequent adjustments to the purchase price allocation for acquisitions as determined by the respective accounting guidance requirements based on the date of acquisition.

During 2013, the Corporation finalized the allocation of the purchase price for all businesses acquired prior to 2013. The adjustments to the Corporation's purchase price allocation were not material.

The Corporation completed its annual goodwill impairment testing as of October 31, 2013, 2012, and 2011 and concluded that there was no impairment of value. The estimated fair value of the reporting units also substantially exceeded the recorded book value, with the exception of the oil and gas reporting unit, in the Flow Control segment. Based on the annual impairment test, the Corporation determined that the oil and gas reporting unit's estimated fair value was not substantially in excess of its carrying amount.

8. OTHER INTANGIBLE ASSETS, NET

Intangible assets are generally the result of acquisitions and consist primarily of purchased technology, customer related intangibles, and trademarks. Intangible assets are amortized over useful lives that generally range between 1 and 20 years.

The following table summarizes the intangible assets acquired (including their weighted-average useful lives) by the Corporation during 2013 and 2012. No indefinite lived intangible assets were acquired in 2013 or 2012.

	2013		2012	
	Amount	Years	Amount	Years
	(In thousands, except years data)			
Technology	$ 21,101	13.5	$ 46,832	13.9
Customer related intangibles	73,146	16.9	122,047	15.6
Other intangible assets	8,504	3.3	16,641	8.1
Total	$102,751	15.1	$185,520	14.6

The following tables present the cumulative composition of the Corporation's intangible assets as of December 31:

2013	Gross	Accumulated Amortization	Net
		(In thousands)	
Technology	$213,888	$ (88,644)	$125,244
Customer related intangibles	430,604	(127,194)	303,410
Other intangible assets	66,436	(23,711)	42,725
Total	$710,928	$(239,549)	$471,379

2012	Gross	Accumulated Amortization	Net
		(In thousands)	
Technology	$186,869	$ (76,067)	$110,802
Customer related intangibles	337,558	(95,880)	241,678
Other intangible assets	86,157	(19,616)	66,541
Total	$610,584	$(191,563)	$419,021

Amortization expense for the years ended December 31, 2013, 2012, and 2011 was $49.9 million, $31.1 million, and $28.8 million, respectively. The estimated future amortization expense of intangible assets is as follows:

	(In thousands)
2014	$46,832
2015	43,746
2016	42,791
2017	42,172
2018	40,586

9. 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 Consolidated Balance Sheets.

Interest Rate Risks and Related Strategies

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.

In March 2013, the Corporation entered into fixed-to-floating interest rate swap agreements to convert the interest payments of (i) the $100 million, 3.85% notes, due February 26, 2025, from a fixed rate to a floating interest rate based on 1-Month LIBOR plus a 1.77% spread, and (ii) the $75 million, 4.05% notes, due February 26, 2028, from a fixed rate to a floating interest rate based on 1-Month LIBOR plus a 1.73% spread.

In January 2012, the Corporation entered into fixed-to-floating interest rate swap agreements to convert the interest payments of (i) the $200 million, 4.24% notes, due December 1, 2026, from a fixed rate to a floating interest rate based on 1-Month LIBOR plus a 2.02% spread, and (ii) $25 million of the $100 million, 3.84% notes, due December 1, 2021, from a fixed rate to a floating interest rate based on 1-Month LIBOR plus a 1.90% spread.

The notional amounts of the Corporation's outstanding interest rate swaps designated as fair value hedges were $400 million and $225 million at December 31, 2013 and December 31, 2012.

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 consolidated balance sheet are below.

	December 31, 2013	December 31, 2012
	(In thousands)	
Assets		
Designated for hedge accounting		
Interest rate swaps	$ —	$ 677
Undesignated for hedge accounting		
Forward exchange contracts	$ 605	$ 250
Total asset derivatives (A)	$ 605	$ 927
Liabilities		
Designated for hedge accounting		
Interest rate swaps	$49,845	$1,419
Undesignated for hedge accounting		
Forward exchange contracts	$ 277	$ 170
Total liability derivatives (B)	$50,122	$1,589

(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 and interest rate swap liabilities are included in Other liabilities.

Effects on Consolidated Statements of Earnings

Fair value hedge

The location and amount of gains or losses on the hedged fixed rate debt attributable to changes in the market interest rates and the offsetting gain (loss) on the related interest rate swaps for the years ended December 31, were as follows:

	December 31,					
	Gain/(Loss) on Swap			Gain/(Loss) on Borrowings		
	2013	2012	2011	2013	2012	2011
	(In thousands)					
Income statement classification:						
Other income (loss), net	$(49,845)	$(742)	$—	$49,845	$742	$—

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 years ended December 31, were as follows:

	December 31,		
	2013	2012	2011
	(In thousands)		
Forward exchange contracts:			
General and administrative expenses	$(6,198)	$883	$(654)

Debt

The estimated fair value amounts were determined by the Corporation using available market information, which is primarily based on quoted market prices for the same or similar issues as of December 31, 2013. The fair value of our debt instruments are characterized as a Level 2 measurement in accordance with the fair value hierarchy. The estimated fair values of the Corporation's fixed rate debt instruments at December 31, 2013, aggregated $887 million compared to a carrying value of $900 million. The estimated fair values of the Corporation's fixed rate debt instruments at December 31, 2012, aggregated $596 million compared to a carrying value of $574 million.

The carrying amount of the variable interest rate debt approximates fair value because the interest rates are reset periodically to reflect current market conditions.

The fair values described above 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.

Nonrecurring measurements

In connection with our 2012 restructuring initiative, the Corporation formally announced a plan to cease operations at a certain facility within our Surface Technologies segment during the fourth quarter of 2012. This decision resulted in a reduction of the useful life of the asset group at the facility. In accordance with the provisions of the Impairment or Disposal of Long-Lived Assets guidance of FASB Codification Subtopic 360—10, long-lived assets held and used with a carrying amount of $4.8 million were written down to their fair value of zero, resulting in an impairment charge of $4.8 million, which was included in General and administrative expenses during the twelve month period ended December 31, 2012. The fair value of the impairment charge was determined using the income approach over the reduced useful life of the asset group. In accordance with the fair value hierarchy, the impairment charge is classified as a Level 3 measurement as it is based on significant other observable inputs.

10. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses consist of the following as of December 31:

	2013	2012
	(In thousands)	
Accrued compensation	$ 88,108	$ 73,643
Accrued commissions	12,834	11,344
Accrued interest	9,730	4,994
Accrued taxes other than income taxes	4,626	3,109
Accrued insurance	4,885	6,062
Other	22,752	31,915
Total accrued expenses	$142,935	$131,067

Other current liabilities consist of the following as of December 31:

	2013	2012
	(In thousands)	
Warranty reserves	$15,914	$18,169
Litigation reserves	984	2,001
Additional amounts due to sellers on acquisitions	5,250	8,275
Reserves on loss contracts	4,067	3,152
Deferred tax liability	3,175	1,759
Pension and other postretirement liabilities	4,280	4,164
Environmental reserves	804	1,493
Other	3,777	4,201
Total other current liabilities	$38,251	$43,214

The accrued expenses and other current liabilities at December 31, 2013 included $5.1 million and $1.0 million, respectively, related to the Corporation's 2013 acquisitions.

The Corporation provides its customers with warranties on certain commercial and governmental products. Estimated warranty costs are charged to expense in the period the related revenue is recognized based on the terms of the product warranty, the related estimated costs, and quantitative historical claims experience. These estimates are adjusted in the period in which actual results are finalized or additional information is obtained. The following table presents the changes in the Corporation's warranty reserves:

	2013	2012
	(In thousands)	
Warranty reserves at January 1,	$18,169	$16,076
Provision for current year sales	8,568	8,437
Current year claims	(7,749)	(4,649)
Change in estimates to pre-existing warranties	(3,108)	(3,168)
Increase due to acquisitions	102	1,743
Foreign currency translation adjustment	(68)	(270)
Warranty reserves at December 31,	$15,914	$18,169

11. RESTRUCTURING ACTIVITIES

The Corporation did not have any material restructuring initiatives in 2013.

2012 Restructuring Initiative

The Corporation focuses on being the low-cost provider of its products by reducing operating costs and implementing lean manufacturing initiatives, which have in part led to the involuntary termination of certain positions and the consolidation of facilities and product lines.

During the year ended 2012, the Corporation recorded restructuring costs by segment as follows:

	Flow Control	Controls	Surface Technologies	Consolidated
		(In thousands)		
Cost of sales	$1,377	$2,351	$ 7,050	$10,778
Selling expenses	430	—	—	430
General and administrative	1,883	1,075	5,035	7,993
Total	$3,690	$3,426	$12,085	$19,201

During 2012, the Corporation committed to a plan to restructure existing operations through a reduction in workforce and consolidation of operating locations. The plan impacted all three of the Corporation's reportable segments and resulted in costs incurred of $19 million. In the Flow Control and Controls segments, restructuring costs of $4 million and $3 million, respectively, were primarily for severance and benefit costs associated with headcount reductions. In the Surface Technologies segment, restructuring costs of $7 million were primarily for severance and benefits costs and $5 million of non-cash costs for a fixed asset write-down due to the cease use of an operating facility.

The Corporation has completed its restructuring activities under the 2012 restructuring plan.

During the year ended 2011, the Corporation, in its Flow Control segment, incurred $0.2 million of severance and benefit costs related to headcount reductions within General and administrative expenses.

The following table summarizes the cash components of the Corporation's restructuring plans. Accrued restructuring costs are included in Other current liabilities in the accompanying balance sheet.

	Severance and Benefits	Abandonment of facility costs	Total
		(In thousands)	
December 31, 2011	$ —	$ —	$ —
Provisions	7,326	6,887	14,213
Payments	(6,306)	(781)	(7,087)
Adjustments	—	—	—
December 31, 2012	$ 1,020	$ 6,106	$ 7,126
Provisions	—	—	—
Payments	(774)	(5,519)	(6,293)
Adjustments	$ (246)	$ (587)	$ (833)
December 31, 2013	$ —	$ —	$ —

12. INCOME TAXES

Earnings before income taxes for the years ended December 31 consist of:

	2013	2012	2011
		(In thousands)	
Domestic	$ 97,653	$ 54,941	$ 94,805
Foreign	100,300	80,421	72,077
	$197,953	$135,362	$166,882

The provision for income taxes for the years ended December 31 consists of:

	2013	2012	2011
		(In thousands)	
Current:			
Federal	$25,732	$18,825	$19,771
State	6,230	5,086	5,519
Foreign	22,082	23,033	19,632
	54,044	46,944	44,922
Deferred:			
Federal	7,982	758	6,840
State	644	(1,122)	(697)
Foreign	(802)	(5,172)	(3,235)
	7,824	(5,536)	2,908
Valuation allowance	(1,896)	1,665	432
Provision for income taxes	$59,972	$43,073	$48,262

The effective tax rate varies from the U.S. federal statutory tax rate for the years ended December 31, principally:

	2013	2012	2011
U.S. federal statutory tax rate	35.0%	35.0%	35.0%
Add (deduct):			
State and local taxes, net of federal benefit	1.9	1.6	2.1
Rate changes	(0.2)	(0.2)	(0.3)
R&D tax credits	(1.6)	(1.0)	(4.7)
Foreign earnings [1]	(4.0)	(4.3)	(3.2)
All other, net	(0.8)	0.7	—
Effective tax rate	30.3%	31.8%	28.9%

(1) Foreign earnings primarily include the net impact of differences between local statutory rates and the U.S. Federal statutory rate, the cost of repatriating foreign earnings, and the impact of changes to foreign valuation allowances.

The components of the Corporation's deferred tax assets and liabilities at December 31 are as follows:

	2013	2012
	(In thousands)	
Deferred tax assets:		
Environmental reserves	$ 9,913	$ 10,086
Inventories	20,197	20,051
Postretirement/postemployment benefits	12,641	13,992
Incentive compensation	6,727	10,299
Accrued vacation pay	5,745	5,373
Warranty reserves	5,073	4,776
Share-based payments	7,718	9,442
Pension plans	43,684	92,736
Net operating loss	9,826	10,017
Other	14,793	17,041
Total deferred tax assets	136,317	193,813
Deferred tax liabilities:		
Depreciation	52,242	50,469
Goodwill amortization	65,644	53,949
Other intangible amortization	81,634	76,008
Other	8,196	4,596
Total deferred tax liabilities	207,716	185,022
Valuation allowance	6,321	8,531
Net deferred tax assets/(liabilities)	$ (77,720)	$ 260

Deferred tax assets and liabilities are reflected on the Corporation's consolidated balance sheet at December 31 as follows:

	2013	2012
	(In thousands)	
Net current deferred tax assets	$ 47,650	$50,760
Net current deferred tax liabilities	3,175	1,759
Net noncurrent deferred tax assets	1,449	1,709
Net noncurrent deferred tax liabilities	123,644	50,450
Net deferred tax assets/(liabilities)	$ (77,720)	$ 260

The Corporation has income tax net operating loss carryforwards related to international operations of approximately $24.8 million of which $14.5 million have an indefinite life and $10.3 million expire through 2022. The Corporation has federal and state income tax net operating loss carryforwards of approximately $27.1 million which expire through 2033. The Corporation has recorded a deferred tax asset of $9.8 million reflecting the benefit of the loss carryforwards.

Management assesses the available positive and negative evidence to estimate if sufficient future taxable income will be generated to utilize the existing deferred tax assets. A significant piece of objective negative evidence evaluated was the cumulative loss incurred over the three-year period ended December 31, 2013 in certain of the Corporation's foreign locations. Such objective evidence limits the ability to consider other subjective evidence such as projections for future growth. The Corporation decreased its valuation allowance by $1.9 million, to $6.3 million, as of December 31, 2013, in order to measure only the portion of the deferred tax asset that more likely than not will be realized. The amount of the deferred tax asset considered realizable, however, could be adjusted if estimates of future taxable income during the carryforward period are reduced or if objective negative evidence in the form of cumulative losses is no longer present and additional weight may be given to subjective evidence such as projections for growth.

Income tax payments of $69.4 million were made in 2013, $42.7 million in 2012, and $47.6 million in 2011.

The amount of undistributed foreign subsidiaries earnings considered to be permanently reinvested for which no provision has been made for U.S. federal or foreign taxes at December 31, 2013 was $297.1 million. It is not practicable to estimate the amount of tax that would be payable if these amounts were repatriated to the United States; however, foreign tax credits may partiality offset any tax liability.

The Corporation has recognized a liability in Other liabilities for interest of $1.6 million and penalties of $1.1 million as of December 31, 2013.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	2013	2012	2011
		(In thousands)	
Balance at January 1,	$11,301	$ 5,769	$4,490
Additions for tax positions of prior periods	1,511	4,591	915
Additions for tax positions related to the current year	1,768	1,019	533
Settlements	(3,868)	(53)	(66)
Lapses of statute of limitations	(140)	(28)	(101)
Foreign currency translation	51	3	(2)
Balance at December 31,	$10,623	$11,301	$5,769

In many cases the Corporation's uncertain tax positions are related to tax years that remain subject to examination by tax authorities.

The following describes the open tax years, by major tax jurisdiction, as of December 31, 2013:

United States (Federal)	2008 – present
United States (Various states)	1998 – present
United Kingdom	2006 – present
Canada	2007 – present

The Corporation does not expect any significant changes to the estimated amount of liability associated with its uncertain tax positions through the next twelve months. Included in the total unrecognized tax benefits at December 31, 2013, 2012, and 2011 is $7.6 million, $9.0 million, and $4.0 million, respectively, which, if recognized, would favorably affect the effective income tax rate.

13. DEBT

Debt consists of the following as of December 31:

	2013 Carrying Value	2013 Estimated Fair Value	2012 Carrying Value	2012 Estimated Fair Value
		(In thousands)		
Industrial revenue bond, due 2023	$ 8,400	$ 8,400	$ 8,400	$ 8,400
Revolving credit agreement, due 2017	50,000	50,000	286,800	286,800
5.74% Senior notes due 2013	—	—	125,011	128,198
5.51% Senior notes due 2017	150,000	163,059	150,000	168,491
3.84% Senior notes due 2021	98,632	98,632	100,677	100,677
3.70% Senior notes due 2023	225,000	209,140	—	—
3.85% Senior notes due 2025	88,555	88,555	—	—
4.24% Senior notes due 2026	173,557	173,557	198,581	198,581
4.05% Senior notes due 2028	64,411	64,411	—	—
4.11% Senior notes due 2028	100,000	89,252	—	—
Other debt	1,383	1,383	10,746	10,746
Total debt	959,938	946,389	880,215	901,893
Less: current portion of long-term debt and short-term debt	1,334	1,334	128,225	128,225
Total long-term debt	$958,604	$945,055	$751,990	$773,668

The weighted-average interest rate of the Corporation's Revolving Credit Agreement was 1.7% and 2.0% in 2013 and 2012, respectively.

The debt outstanding had fixed and variable interest rates averaging 3% during the twelve months ended December 31, 2013.

Aggregate maturities of debt are as follows:

	(In thousands)
2014	$ 1,334
2015	33
2016	16
2017	200,000
2018	—
Thereafter	758,555
Total	$959,938

Interest payments of $31 million, $24 million, and $17 million were made in 2013, 2012, and 2011, respectively.

On February 26, 2013, the Corporation issued $400 million of Senior Notes (the "2013 Notes"). The 2013 Notes consist of $225 million of 3.70% Senior Notes that mature on February 26, 2023, $100 million of 3.85% Senior Notes that mature on February 26, 2025, and $75 million of 4.05% Senior Notes that mature on February 26, 2028. An additional $100 million of 4.11% Senior Notes were issued on September 26, 2013 that mature on September 26, 2028. The 2013 Notes are senior unsecured obligations, equal in right of payment to the Corporation's existing senior indebtedness. The Corporation, at its option, can prepay at any time all or any part of the 2013 Notes, subject to a make-whole payment in accordance with the terms of the Note Purchase Agreement. In connection with the issuance of the 2013 Notes, the Corporation paid customary fees that have been deferred and are being amortized over the term of the 2013 Notes. Under the terms of the Note Purchase Agreement, the Corporation is required to maintain certain financial ratios, the most restrictive of which is a debt to capitalization limit of 60%. The debt to capitalization ratio (as defined per the Notes Purchase Agreement and Credit Agreement) is calculated using the same formula for all of the Corporation's debt agreements and is a measure of the Corporation's indebtedness to capitalization, where capitalization equals debt plus equity. The Corporation had the ability to borrow additional debt of $1.3 billion without violating our debt to capitalization covenant. The 2013 Notes also contain a cross default provision with respect to the Corporation's other senior indebtedness.

In August 2012, we amended and refinanced our existing credit facility by entering into a Third Amended and Restated Credit Agreement (Credit Agreement) with a syndicate of financial institutions, led by Bank of America N.A., Wells Fargo, N.A, and JP Morgan Chase Bank, N.A. The proceeds available under the Credit Agreement are to be used for working capital, internal growth initiatives, funding of future acquisitions, and general corporate purposes. Under the terms of the Credit Agreement, we have a borrowing capacity of $500 million. In addition, the Credit Agreement provides an accordion feature which allows us to borrow an additional $100 million. As of December 31, 2013, we had $42 million in letters of credit supported by the credit facility and $50 million of borrowings under the credit facility.

The Credit Agreement contains covenants that we consider usual and customary for an agreement of this type for comparable commercial borrowers, including a maximum consolidated debt to capitalization ratio of 60%. The Credit Agreement has customary events of default, such as non-payment of principal when due; nonpayment of interest, fees, or other amounts; cross-payment default and cross-acceleration.

Borrowings under the credit agreement will accrue interest based on (i) Libor or (ii) a base rate of the highest of (a) the federal funds rate plus 0.5%, (b) BofA's announced prime rate, or (c) the Eurocurrency rate plus 1%, plus a margin. The interest rate and level of facility fees are dependent on certain financial ratios, as defined in the Credit Agreement. The Credit Agreement also provides customary fees, including administrative agent and commitment fees. In connection with the Credit Agreement, we paid customary transaction fees that have been deferred and are being amortized over the term of the Credit Agreement.

On December 8, 2011, the Corporation issued $300 million of Senior Notes (the "2011 Notes"). The 2011 Notes consist of $100 million of 3.84% Senior Notes that mature on December 1, 2021 and $200 million of

4.24% Senior Series Notes that mature on December 1, 2026. The 2011 Notes are senior unsecured obligations, equal in right of payment to our existing senior indebtedness. The Corporation, at its option, can prepay at any time all or any part of our 2011 Notes, subject to a make-whole payment in accordance with the terms of the Note Purchase Agreement. In connection with our 2011 Notes, the Corporation paid customary fees that have been deferred and are being amortized over the term of our 2011 Notes. Under the Note Purchase Agreement, the Corporation is required to maintain certain financial ratios, the most restrictive of which is a debt to capitalization limit of 60%. The 2011 Notes also contain a cross default provision with our other senior indebtedness.

On December 1, 2005, the Corporation issued $150 million of 5.51% Senior Notes (the "2005 Notes"). The 2005 Notes mature on December 1, 2017. The Notes are senior unsecured obligations and are equal in right of payment to the Corporation's existing senior indebtedness. The Corporation, at its option, can prepay at any time all or any part of the 2005 Notes, subject to a make-whole amount in accordance with the terms of the Note Purchase Agreement. In connection with the Notes, the Corporation paid customary fees that have been deferred and are being amortized over the terms of the Notes. The Corporation is required under the Note Purchase Agreement to maintain certain financial ratios, the most restrictive of which is a debt to capitalization limit of 60%. The 2005 Notes also contain a cross default provision with the Corporation's other senior indebtedness.

On September 25, 2003, the Corporation issued $200 million of Senior Notes (the "2003 Notes"). The 2003 Notes consist of $75 million of 5.13% Senior Notes that matured on September 25, 2010 and $125 million of 5.74% Senior Notes that matured on September 25, 2013. The $75 million of 5.13% Senior Notes were repaid during the third quarter of 2010 by drawing down on our revolver. The $125 million of 5.74% Senior Notes were repaid during the third quarter of 2013 by using the funds from the 2013 Notes.

14. EARNINGS PER SHARE

The Corporation is required to report both basic earnings per share (EPS), based on the weighted-average number of Common shares outstanding, and diluted earnings per share, based on the basic EPS adjusted for all potentially dilutive shares issuable.

As of December 31, 2013, 2012, and 2011 there were 297,000, 633,000, and 653,000 stock options outstanding, respectively, that were excluded from the computation of diluted earnings per share as the exercise price of these options was greater than their average market value, which would result in an anti-dilutive effect on diluted earnings per share.

Earnings per share calculations for the years ended December 31, 2013, 2012, and 2011, are as follows:

	Earnings from continuing operations	Weighted-Average Shares Outstanding	Earnings per share from continuing operations
	(In thousands, except stock options outstanding)		
2013			
Basic earnings per share from continuing operations	$137,981	46,991	$2.94
Dilutive effect of stock options and deferred stock compensation		921	
Diluted earnings per share from continuing operations	$137,981	47,912	$2.88
2012			
Basic earnings per share from continuing operations	$ 92,289	46,743	$1.98
Dilutive effect of stock options and deferred stock compensation		669	
Diluted earnings per share from continuing operations	$ 92,289	47,412	$1.95
2011			
Basic earnings per share from continuing operations	$118,620	46,372	$2.56
Dilutive effect of stock options and deferred stock compensation		641	
Diluted earnings per share from continuing operations	$118,620	47,013	$2.52

15. SHARE-BASED COMPENSATION PLANS

The Corporation maintains two share-based compensation plans, restricted stock units and performance share units, both of which are utilized only in our executive Long Term Incentive grants. Previous grants included non-qualified stock options (NQSO) to all participants. Under our employee benefit program, the Corporation also provides an Employee Stock Purchase Plan (ESPP) available to most active employees. Certain awards provide for accelerated vesting if there is a change in control.

The compensation cost for employee and non-employee director share-based compensation programs during 2013, 2012, and 2011 is as follows:

	2013	2012	2011
		(In thousands)	
Non-qualified stock options	$ 238	$ 942	$3,066
Employee Stock Purchase Plan	1,260	1,303	658
Performance Share Units	3,495	3,179	2,591
Restricted Share Units	1,700	3,237	2,771
Other share-based payments	657	767	535
Total share-based compensation expense before income taxes	$7,350	$9,428	$9,621

Other share-based payments include restricted stock awards to non-employee directors, who are treated as employees as prescribed by the accounting guidance on share-based payments. The compensation cost recognized follows the cost of the employee, which is primarily reflected as General and administrative expenses in the Consolidated Statements of Earnings. No share-based compensation costs were capitalized during 2013, 2012, or 2011.

2005 Long-Term Incentive Plan

Awards under the 2005 Long Term Incentive Plan (the "2005 LTI Plan") consist of performance units (cash), performance share units, time-based restricted share units, and two legacy components, restricted stock units and non-qualified stock options. Under the 2005 LTI Plan, an aggregate total of 5,000,000 shares (as adjusted for subsequent stock splits and dividends) of common stock were registered. Issuances of common stock to satisfy employee option exercises will be made from the Corporation's treasury stock. No more than 200,000 shares of common stock or 100,000 shares of restricted stock may be awarded in any year to any one participant in the 2005 LTI Plan.

The Corporation awarded total performance units (cash) of $17.1 million, $16.2 million, and $19.3 million in 2013, 2012, and 2011, respectively, to certain key employees. The performance units are denominated in U.S. dollars, settled in U.S. dollars, and are contingent upon the Corporation's satisfaction of performance objectives keyed to achieving profitable growth over a period of three fiscal years commencing with the fiscal year following such awards. The estimated cost of such awards is expensed over the three-year performance period. Performance unit expense was $16.6 million, $12.6 million, and $8.1 million in 2013, 2012, and 2011, respectively. The actual cost of the performance units may vary from the total value of the awards depending upon the degree to which the key performance objectives are met.

Non-Qualified Stock Options (NQSO)

The Corporation no longer grants non-qualified stock options under the 2005 LTI Plan. Prior to November 2011, the Corporation granted non-qualified stock options to key employees each year. Stock options granted under the 2005 LTI Plan expire ten years after the date of the grant and are generally exercisable (vest) one-third per year beginning with 12 months following the date of grant, and fully vesting on the third anniversary of the grant date. The fair value of the NQSO's was estimated at the date of grant using a Black-Scholes option-pricing model with the assumptions noted in the following table. Expected volatilities are based on historical volatility of the Corporation's stock and other factors. The Corporation uses historical data to estimate the expected term of options granted. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

	2013	2012	2011
Risk-free rate	—%	—%	2.45%
Expected volatility	—%	—%	30.20%
Expected dividend yield	—%	—%	0.92%
Expected term (in years)	—	—	6
Weighted-average grant-date fair value of options	$—	$—	$10.57

A summary of employee stock option activity under the 2005 LTI Plan is as follows:

	Shares (000's)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term in Years	Aggregate Intrinsic Value (000's)
Outstanding at December 31, 2012	3,033	$32.71		
Granted	—	—		
Exercised	(715)	29.09		
Adjustment	19	19.08		
Forfeited	(16)	35.42		
Outstanding at December 31, 2013	2,321	$33.69	4.9	$66,221
Exercisable at December 31, 2013	2,321	$33.69	4.9	$65,969

The total intrinsic value of stock options exercised during 2013, 2012, and 2011 was $11.4 million, $3.1 million, and $3.9 million, respectively. The above table represents the Corporation's estimate of options fully vested and/or expected to vest.

NQSO grants vest over three years and compensation cost is recognized over the requisite service period for each separately vesting portion of each award as if each award was, in substance, multiple awards. During 2013, 2012, and 2011, compensation cost associated with NQSOs was $0.2 million, $0.9 million, and $3.1 million respectively. As of December 31, 2013, there was less than $0.1 million of unrecognized compensation cost related to non-vested stock options, which is expected to be recognized during 2014.

Cash received from option exercises during 2013, 2012, and 2011 was $20.8 million, $6.7 million, and $4.2 million, respectively. The total tax benefit generated from options exercised during 2013, 2012, and 2011, was $2.0 million, $1.0 million, and $1.1 million, respectively. Tax benefits received on exercised options, which were subject to expense under U.S. GAAP, have been credited to deferred taxes up to the amount of benefit recorded in the income statement, with the difference charged to additional paid in capital, while tax benefits received on exercised options that were not subject to expense have been credited to additional paid in capital.

Performance Share Units

Since 2005, the Corporation has granted performance share units to certain employees under the 2005 LTI Plan, whose vesting is contingent upon meeting various company-wide, three-year performance goals around net income targets, both against budget and as a percentage of sales against a peer group. In addition, certain key executives are awarded performance based share units if the Corporation's total shareholder return over the three-year term of the awards compares favorably to that of a self-constructed peer group. The non-vested shares are subject to forfeiture if established performance goals are not met or employment is terminated other than due to death, disability, or retirement. Share plans are denominated in share-based units based on the fair market value of the Corporation's Common stock on the date of grant.

A summary of the Corporation's performance share units for 2013 is as follows:

	Shares/Units (000's)	Weighted-Average Fair Value	Weighted-Average Remaining Contractual Term in Years	Aggregate Intrinsic Value (000's)
Nonvested at December 31, 2012	872	$32.12		
Granted	77	62.91		
Vested	(88)	30.90		
Forfeited	(492)	34.59		
Nonvested at December 31, 2013	368	$35.52	2.2	$22,928
Expected to vest at December 31, 2013	139	$37.99	2.2	$ 8,630

The performance share unit's compensation cost is amortized to expense on a straight-line basis over the three-year requisite service period. As forfeiture and performance assumptions change, compensation cost will be adjusted on a cumulative basis in the period of the assumption change.

As of December 31, 2013, there was $7.5 million of unrecognized compensation cost, which is expected to be recognized over a period of 2.2 years related to non-vested performance share units.

Restricted Share Units

Restricted share units cliff vest at the end of the awards' vesting period. The restricted share units contain only a service condition, and thus compensation cost is amortized to expense on a straight-line basis over the requisite service period, which ranges from 3 to 10.1 years. The non-vested restricted stock is subject to forfeiture if employment is terminated other than due to death or disability. The restricted share units are subject to forfeiture if employment is terminated and are nontransferable. During 2013, restricted share units associated with one of the Corporation's former executives who resigned in 2013 were forfeited and the related stock compensation expense of $1.3 million that was previously recorded was reversed.

A summary of the Corporation's restricted share units for 2013 is as follows:

	Shares/ Units (000's)	Weighted-Average Fair Value	Weighted-Average Remaining Contractual Term in Years	Aggregate Intrinsic Value (000's)
Nonvested at December 31, 2012	396	$33.53		
Granted	75	44.79		
Vested	(78)	29.88		
Forfeited	(74)	35.83		
Nonvested at December 31, 2013	319	$36.53	2.9	$19,842
Expected to vest at December 31, 2013	319	$36.53	2.9	$19,842

As of December 31, 2013, there was $6.6 million of unrecognized compensation cost, which is expected to be recognized over a period of 2.9 years related to restricted share units.

Employee Stock Purchase Plan

The Corporation's ESPP enables eligible employees to purchase the Corporation's Common stock at a price per share equal to 85% of the fair market value at the end of each offering period. Each offering period of the ESPP lasts six months, commencing on January 1st and July 1st of each year. Participation in the offering is limited to 10% of an employee's base salary (not to exceed amounts allowed under Section 423 of the Internal Revenue Code), participation may be terminated at any time by the employee and automatically ends on termination of employment with the Corporation. Effective January 1, 2011, the Corporation increased the number of shares authorized for issuance under the ESPP by an additional 1,200,000 shares, from 2,000,000 to 3,200,000, and extended the term of the ESPP by an additional two years through October 1, 2015. The common stock to satisfy the stock purchases under the ESPP were originally designated as newly issued shares of common stock; however, the Company has reserved the additional 1,200,000 shares from Treasury. During 2013, there were 284,900 shares purchased under the ESPP. As of December 31, 2013, the Corporation has withheld $4.4 million from employees, the equivalent of 82,846 shares. Compensation cost is recognized on a straight-line basis over the six-month vesting period during which employees perform related services. The Corporation recognized $0.3 million of tax benefit associated with disqualifying dispositions during 2013, all of which was credited to additional paid in capital.

2005 Stock Plan for Non-Employee Directors

The 2005 Stock Plan for Non-Employee Directors ("2005 Stock Plan"), approved by the stockholders in 2005, provided for the grant of stock awards and, at the option of the non-employee directors, the deferred payment of regular stipulated compensation and meeting fees in equivalent shares. Under the 2005 Stock Plan, the Corporation's non-employee directors each receive an annual restricted stock award, which is subject to a three-year restriction period commencing on the date of the grant. For 2013, 2012, and 2011, the value of the award granted was $70,000 per director, respectively. These restricted stock awards are subject to forfeiture if the non-employee director resigns or retires by reason of his or her decision not to stand for re-election prior to the lapsing of all restrictions, unless the restrictions are otherwise removed by the Committee on Directors and Governance. The cost of the restricted stock awards is amortized over the three year restriction period from the date of grant or such shorter restriction period as determined by the removal of such restrictions. Newly elected non-employee directors also receive a one-time five year restricted stock award of $35,000. The total number of shares of Common stock available for grant under the 2005 Stock Plan may not exceed 100,000 shares. During 2013, the Corporation awarded 15,256 shares of restricted stock, of which 5,721, have been deferred by certain directors. During 2012, the Corporation awarded 16,977 shares of restricted stock, of which 8,935 have been deferred by certain directors. During 2011, the Corporation awarded 16,680 shares of restricted stock, of which 7,820 have been deferred by certain directors.

Pursuant to election by non-employee directors to receive shares in lieu of payment for earned and deferred compensation under the 2005 Stock Plan, the Corporation had provided for an additional aggregate of 65,503 and 68,974 shares at an average price of $31.94 and $31.16, respectively, as of December 31, 2013 and 2012. During 2013 and 2012, the Corporation issued 19,670 and 12,955 shares, respectively, in compensation pursuant to such elections.

16. ENVIRONMENTAL COSTS

The Corporation has been named as a potentially responsible party (PRP), as have many other corporations and municipalities, in a number of environmental clean-up sites. The Corporation continues to make progress in resolving these claims through settlement discussions and payments from established reserves. The superfund sites remaining open at the end of the year are: Caldwell Trucking landfill superfund site, located in Fairfield, New Jersey; Sharkey landfill superfund site, located in Parsippany, New Jersey; and Chemsol, Inc. superfund site, located in Piscataway, New Jersey. The Corporation believes that the outcome for any of these remaining sites will not have a material effect on the Corporation's results of operations or financial position.

The Corporation continued the operation of the ground water and soil remediation activities at the Wood-Ridge, New Jersey site through 2013. The cost of constructing and operating this site was provided for in 1990 when the Corporation established a reserve to remediate the property. Even though this property was sold in December 2001, the Corporation retained the responsibility for this remediation in accordance with the sale agreement. The reserve balance as of December 31, 2013, was $6.9 million, which is essentially unchanged from the prior year.

In 1992, the Corporation was named as a PRP in the Caldwell Trucking superfund site. The majority of the costs for this site have been for soil and groundwater remediation. As of December 31, 2013, the Corporation's reserve balance was $4.7 million, which largely represents continuing operation and maintenance costs, system performance monitoring efforts, and assessment sampling.

The Corporation, through its Electro-Mechanical Division (EMD) business unit, has three Pennsylvania Department of Environmental Protection (PADEP) radioactive materials licenses that are utilized in the continued operation of the EMD business. In connection with these licenses, the Corporation has known conditional asset retirement obligations related to asset decommissioning activities to be performed in the future, when the Corporation terminates these licenses. For two of the three licenses, the Corporation has recorded an asset retirement obligation. In 2012, in connection with its license renewal, the Corporation increased its asset retirement obligation by $6 million, to $9 million, for these licenses and revised its estimated settlement date to 2032. The Corporation recorded accretion expense of less than $1 million during the twelve months ended December 31, 2013. For its third license, the Corporation has not recorded an asset retirement obligation as it is not reasonably estimable due to insufficient information about the timing and method of settlement of the obligation. Accordingly, this obligation has not been recorded in the Consolidated Financial Statements. A liability for this obligation will be recorded in the period when sufficient information regarding timing and method of settlement becomes available to make a reasonable estimate of the liability's fair value.

The Corporation's aggregate environmental obligation at December 31, 2013 was $16.3 million compared to $16.4 million at December 31, 2012. Approximately 27.4% of the Corporation's environmental reserves as of December 31, 2013, represent the current value of anticipated remediation costs and are not discounted primarily due to the uncertainty of timing of expenditures. The remaining environmental reserves are discounted. All environmental reserves exclude any potential recovery from insurance carriers or third-party legal actions. As of December 31, 2013, the undiscounted cash flows associated with the discounted reserves were $19.2 million and are anticipated to be paid over the next 30 years.

17. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

The Corporation maintains seventeen separate and distinct pension and other postretirement defined benefit plans, consisting of seven domestic pensions and other postretirement benefit plans and ten separate foreign pension plans. The Corporation maintains the following domestic plans: a qualified pension plan, a non-qualified pension plan, and a postretirement health-benefits plan (the "Curtiss-Wright Plans"), a postretirement health benefits plan for EMD employees and two qualified plans and one postretirement health benefit plan for Williams Controls. The foreign plans consist of three defined benefit pension plans in the United Kingdom, three in Germany, two in Mexico, and one plan each in Canada and Switzerland. The German plans were added during 2013 as part of our February 28, 2013 acquisition of Phönix Holding GmbH.

Domestic Plans

The Curtiss-Wright Plans

The Corporation maintains a defined benefit pension plan (the "CW Pension Plan") covering all employees under four benefit formulas: a non-contributory non-union and union formula for all Curtiss-Wright (CW) employees and a contributory union and non-union benefit formula for employees at the EMD business unit.

CW non-union employees hired prior to February 1, 2010 receive a "traditional" benefit based on years of credited service, the five highest consecutive years' compensation during the last ten years of service, and a "cash balance" benefit. These employees became participants under the CW Pension Plan after one year of service and were vested after three years of service. CW non-union employees hired on or after the effective date are eligible for the cash balance benefit only. CW union employees who have negotiated a benefit under the CW Pension Plan are entitled to a benefit based on years of service multiplied by a monthly pension rate.

The formula for EMD employees covers both union and non-union employees and is designed to satisfy the requirements of relevant collective bargaining agreements. Employee contributions are withheld each pay period and are equal to 1.5% of salary. The benefits for the EMD employees are based on years of service and compensation. On December 31, 2012, the Corporation amended the CW Pension Plan to close the benefit to EMD employees hired after January 1, 2014.

In May 2013, the Company's Board of Directors approved an amendment to the CW Pension Plan. Effective January 1, 2014, all active non-union employees participating in the final and career average pay formulas in the defined benefit plan will cease accruals 15 years from the effective date of the amendment. In addition to the sunset provision, the "cash balance" benefit for non-union participants will be eliminated as of the effective date. Non-Union employees who are not currently receiving final or career average pay benefits become eligible to participate in a new defined contribution plan which provides both employer match and non-elective contribution components, up to a maximum employer contribution of 6%. The amendment does not affect CW employees that are subject to collective bargaining agreements.

At December 31, 2013 and 2012, the Corporation had a noncurrent pension liability of $79.5 million and $195.9 million, respectively. This reduction was primarily driven by favorable asset performance, which exceeded 19% for 2013, and a 75 basis point increase in the discount rate which was 4.75% as of December 31, 2013. The May 2013 amendment, which is effective January 1, 2014, resulted in a $3 million reduction to the projected benefit obligation of the plan and a second quarter 2013 curtailment charge of $2 million.

The Corporation made $40.5 million of contributions to the CW Pension Plan in 2013 and expects to make a contribution of approximately $40.0 million in 2014. The Corporation expects to make cumulative contributions of approximately $101 million from 2014 through 2018. The reduction in the Corporation's projections is primarily due to favorable changes in the discount rate and asset performance. The Corporation expects to make cash contributions of approximately $14.0 million in 2014 for the new defined contribution plan, effective January 1, 2014, and cumulative contributions of approximately $74.0 million from 2014 through 2018.

The Corporation also maintains a non-qualified restoration plan (the "CW Restoration Plan") covering those employees of CW and EMD whose compensation or benefits exceed the IRS limitation for pension benefits. Benefits under the CW Restoration Plan are not funded, and, as such, the Corporation had an accrued pension liability of $31.7 million and $34.4 million as of December 31, 2013 and 2012, respectively. The Corporation's contributions to the CW Restoration Plan are expected to be $2.1 million in 2014.

The Corporation provides postretirement health benefits to certain employees (the "CW Retirement Plan"). In 2002, the Corporation restructured the postretirement medical benefits for certain active employees, effectively freezing the plan. The plan continues to be maintained for retired employees. The Corporation had an accrued postretirement benefit liability of $0.5 million and $0.6 million as of December 31, 2013 and 2012, respectively. Benefits under the plan are not funded. The Corporation's contributions to the CW Retirement Plan are not expected to be material in 2014.

EMD Plan

The Corporation, through an administration agreement with Westinghouse, maintains the Westinghouse Government Services Group Welfare Benefits Plan (the "EMD Retirement Plan"), a retiree health and life insurance plan for substantially all of the Curtiss-Wright EMD employees. The EMD Retirement Plan provides basic health and welfare coverage on a non-contributory basis. Benefits are based on years of service and are subject to certain caps. Effective January 1, 2011, the Corporation modified the benefit design for post-65 retirees by introducing Retiree Reimbursement Accounts (RRA's) to participants in lieu of the traditional benefit delivery. Participant accounts are funded a set amount annually that can be used to purchase supplemental coverage on the open market, effectively capping the benefit.

The Corporation had an accrued postretirement benefit liability at December 31, 2013 and 2012 of $18.5 million and $20.7 million, respectively. Pursuant to the Asset Purchase Agreement, the Corporation has a discounted receivable from Washington Group International to reimburse the Corporation for a portion of these postretirement benefit costs. At December 31, 2013 and 2012, the discounted receivable included in other assets was $1.8 million and $2.0 million, respectively. The Corporation expects to contribute $1.4 million to the EMD Retirement Plan during 2014.

The Williams Plans

The Corporation acquired two defined benefit pension plans and a postretirement benefit plan with the acquisition of Williams Controls on December 14, 2012. The two defined benefit plans, an hourly employee plan and salaried employee plan, provide a fixed formula benefit to members upon retirement. The postretirement benefit plan provides health care and life insurance benefits for certain of its retired employees. No new employees are being admitted into these plans. As of December 31, 2013, the Corporation had an accrued pension liability of $2.4 million and an accrued postretirement benefit liability of $1.3 million related to these plans. The Corporation expects to contribute $0.8 million into these plans in 2014.

Foreign Plans

The foreign plans consist of three defined benefit pension plans in the United Kingdom, three in Germany, two in Mexico, and one plan each in Canada and Switzerland. As of December 31, 2013 and 2012, the total projected benefit obligation related to all foreign plans is $87.6 million and $83.0 million, respectively. As of December 31, 2013 and 2012, the Corporation had an accrued pension liability of $2.1 million and $8.4 million, respectively. The Corporation's contributions to the foreign plans are expected to be $3.4 million in 2014.

In September 2013, the Corporation amended the Metal Improvement Company - Salaried Staff pension Scheme (U.K.) and the Penny & Giles Pension Plan (U.K.) to cease the accrual of future benefits effective December 31, 2013. The amendments to the plans resulted in a $7 million reduction to the projected benefit obligations and a curtailment gain of $2.8 million.

Components of net periodic benefit expense

The net pension and net postretirement benefit costs (income) consisted of the following:

	Pension Benefits			Postretirement Benefits		
	2013	2012	2011	2013	2012	2011
			(In thousands)			
Service cost	$ 40,170	$ 40,274	$ 36,276	$ 373	$ 448	$ 388
Interest cost	27,777	26,303	26,361	839	939	1,009
Expected return on plan assets	(36,303)	(33,585)	(31,635)	—	—	—
Amortization of prior service cost	883	1,201	1,210	(638)	(629)	(629)
Recognized net actuarial loss	15,013	11,023	5,464	(614)	(682)	(901)
Cost of settlements/curtailments	13	—	194	—	—	—
Net periodic benefit cost (income)	$ 47,553	$ 45,216	$ 37,870	$ (40)	$ 76	$ (133)

Net periodic benefit cost, specifically service and interest cost, has increased over the reported periods due to growth in headcount and service accruals related to existing employees under the age and service-based formula in the plan. The recognized actuarial loss has increased over the reported periods, due largely to prior period declines in the discount rate.

The Cost of settlements/curtailments indicated above represents events that are accounted for under guidance on employers' accounting for settlements and curtailments of defined benefit pension plans. In 2013, the CW Pension Plan curtailment charge of $2.2 million and special termination benefits in the CW Restoration Plan were largely offset by the curtailment gain in the Penny & Giles Pension Plan.

In the following table, the pension benefits information is a consolidated disclosure of all domestic and foreign plans described earlier. The postretirement benefits information includes all domestic postretirement benefit plans, as there are no foreign postretirement benefit plans. All plans were valued using a December 31, 2013 measurement date to comply with the requirements of U.S. GAAP to measure plan assets and benefit obligations as of the date of the employer's fiscal year-end statement of financial position.

	Pension Benefits		Postretirement Benefits	
	2013	2012	2013	2012
	(In thousands)			
Change in benefit obligation:				
Beginning of year	$ 705,022	$ 597,146	$ 23,391	$ 21,467
Service cost	40,170	40,274	373	448
Interest cost	27,777	26,303	839	939
Plan participants' contributions	2,331	2,381	350	91
Amendments	—	—	(366)	—
Actuarial loss (gain)	(62,534)	55,833	(2,752)	(377)
Benefits paid	(34,253)	(37,180)	(1,419)	(1,286)
Business combinations	5,809	17,218	—	2,109
Special termination benefits	533	—	—	—
Curtailments/settlements	(9,713)	—	—	—
Actual expenses	(2,206)	—	—	—
Currency translation adjustments	1,256	3,047	—	—
End of year	$ 674,192	$ 705,022	$ 20,416	$ 23,391
Change in plan assets:				
Beginning of year	$ 460,202	$ 383,149	$ —	$ —
Actual return on plan assets	82,863	52,975	—	—
Employer contribution	48,074	45,230	1,069	1,195
Plan participants' contributions	2,331	2,381	350	91
Business combinations	—	10,983	—	—
Benefits paid	(34,253)	(37,180)	(1,419)	(1,286)
Settlements	(2,206)	—	—	—
Currency translation adjustments	1,556	2,664	—	—
End of year	$ 558,567	$ 460,202	$ —	$ —
Funded status	$(115,625)	$(244,820)	$(20,416)	$(23,391)
Amounts recognized on the balance sheet				
Noncurrent assets	$ 7,142	$ —	$ —	$ —
Current liabilities	(2,620)	(2,469)	(1,659)	(1,695)
Noncurrent liabilities	(120,147)	(242,351)	(18,757)	(21,696)
Total	$(115,625)	$(244,820)	$(20,416)	$(23,391)
Amounts recognized in accumulated other comprehensive income (AOCI)				
Net actuarial loss (gain)	$ 69,355	$ 201,218	$(12,350)	$(10,212)
Prior service cost	2,537	5,612	(5,343)	(5,615)
Total	$ 71,892	$ 206,830	$(17,693)	$(15,827)
Amounts in AOCI expected to be recognized in net periodic cost in the coming year:				
Loss (gain) recognition	$ 5,933	$ 17,112	$ (811)	$ (639)
Prior service cost recognition	$ 631	$ 1,201	$ (657)	$ (629)
Accumulated benefit obligation	$ 641,892	$ 644,483	N/A	N/A
Information for pension plans with an accumulated benefit obligation in excess of plan assets:				
Projected benefit obligation	$ 604,515	$ 639,745	N/A	N/A
Accumulated benefit obligation	528,148	592,660	N/A	N/A
Fair value of plan assets	473,078	398,687	N/A	N/A

	Pension Benefits		Postretirement Benefits	
	2013	2012	2013	2012
	(In thousands)			
Plan Assumptions				
Weighted-average assumptions in determination of benefit obligation:				
Discount rate	4.62%	3.95%	4.47%	3.70%
Rate of compensation increase	3.94%	3.94%	N/A	N/A
Health care cost trends:				
Rate assumed for subsequent year	N/A	N/A	8.00%	8.00%
Ultimate rate reached in 2019 and 2014, respectively	N/A	N/A	5.00%	5.50%
Weighted-average assumptions in determination of net periodic benefit cost:				
Discount rate	3.95%	4.46%	3.70%	4.48%
Expected return on plan assets	7.91%	8.02%	N/A	N/A
Rate of compensation increase	3.94%	3.96%	N/A	N/A
Health care cost trends:				
Rate assumed for subsequent year	N/A	N/A	8.00%	8.00%
Ultimate rate reached in 2019 and 2014, respectively	N/A	N/A	5.00%	5.50%

The discount rate for each plan is determined by discounting the plan's expected future benefit payments using a yield curve developed from high quality bonds that are rated Aa or better by Moody's as of the measurement date. The yield curve calculation matches the notional cash inflows of the hypothetical bond portfolio with the expected benefit payments to arrive at one effective rate for each plan.

The overall expected return on assets assumption is based on a combination of historical performance of the pension fund and expectations of future performance. Expected future performance is determined by weighting the expected returns for each asset class by the plan's asset allocation. The expected returns are based on long-term capital market assumptions utilizing a ten-year time horizon through consultation with investment advisors. While consideration is given to recent performance and historical returns, the assumption represents a long-term prospective return.

The effect on the CW, EMD, and Williams Retirement Plans of a 1% change in the health care cost trend is as follows:

	1% Increase	1% Decrease
	(In thousands)	
Total service and interest cost components	$ 4	$ (3)
Postretirement benefit obligation	$93	$(83)

Pension Plan Assets

The overall objective for plan assets is to earn a rate of return over time to meet anticipated benefit payments in accordance with plan provisions. The long-term investment objective of the domestic retirement plans is to achieve a total rate of return, net of fees, which exceeds the actuarial overall expected return on asset assumptions used for funding purposes and which provides an appropriate premium over inflation. The intermediate-term objective of the domestic retirement plans, defined as three to five years, is to outperform each of the capital markets in which assets are invested, net of fees. During periods of extreme market volatility, preservation of capital takes a higher precedence than outperforming the capital markets.

The Corporation's Finance Committee is responsible for formulating investment policies, developing investment manager guidelines and objectives, and approving and managing qualified advisors and investment managers. The guidelines established define permitted investments within each asset class and apply certain restrictions such as limits on concentrated holdings, and prohibits selling securities short, buying on margin, and the purchase of any securities issued by the Corporation.

The Corporation maintains the funds of the CW Pension Plan under a trust that is diversified across investment classes and among investment managers to achieve an optimal balance between risk and return. In accordance with this policy, the Corporation has established target allocations for each asset class and ranges of expected exposure. The Corporation's domestic retirement assets are invested within this allocation structure in three major categories: domestic equity securities, international equity securities, and debt securities. Below are the Corporation's actual and established target allocations for the CW Pension Plan, representing 82% of consolidated assets:

Asset class	As of December 31, 2013	As of December 31, 2012	Target Exposure	Expected Range
Domestic equities	52%	50%	50%	40%-60%
International equities	15%	15%	15%	10%-20%
Total equity	67%	65%	65%	55%-75%
Fixed income	31%	33%	35%	25%-45%

As of December 31, 2013 and 2012, cash funds in the CW Pension Plan represented less than 3% of portfolio assets. The Williams Plans, which represent approximately 2% of domestic retirement assets, are more heavily weighted in fixed income resulting in a weighted expected return on assets assumption of 6.75%.

Foreign plan assets represent 15% of consolidated plan assets, with the majority of the assets supporting the U.K. plans. The U.K. foreign plans follow a similar asset allocation strategy, while other foreign plans are more heavily weighted in fixed income resulting in a weighted expected return on assets assumption of 5.20% for all foreign plans.

The Corporation may from time to time require the reallocation of assets in order to bring the retirement plans into conformity with these ranges. The Corporation may also authorize alterations or deviations from these ranges where appropriate for achieving the objectives of the retirement plans.

Fair Value Measurements

The following table presents consolidated plan assets using the fair value hierarchy as of December 31, 2013:

Asset Category	Total	Quoted Pricesin in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 17,657	$ 1,887	$ 15,770	$ —
Equity securities:				
Mutual funds (a)	282,772	238,746	44,026	—
Bond funds (b)	148,128	101,050	47,078	—
Insurance Contracts (c)	10,917	—	—	10,917
Other (d)	728	—	—	728
December 31, 2012	$460,202	$341,683	$106,874	$11,645
Cash and cash equivalents	$ 17,951	$ 1,638	$ 16,313	$ —
Equity securities:				
Mutual funds (a)	360,691	307,220	53,471	—
Bond funds (b)	168,348	115,988	52,360	—
Insurance Contracts (c)	10,795	—	—	10,795
Other (d)	782	—	—	782
December 31, 2013	$558,567	$424,846	$122,144	$11,577

(a) This category consists of domestic and international equity securities. It is comprised of U.S. securities benchmarked against the S&P 500 index and Russell 2000 index, international mutual funds benchmarked against the MSCI EAFE index, global equity index mutual funds associated with our U.K. based pension plans and balanced funds associated with the U.K. and Canadian based pension plans.

(b) This category consists of domestic and international bonds. The domestic fixed income securities are benchmarked against the Barclays Capital Aggregate Bond index, actively-managed bond mutual funds comprised of domestic investment grade debt, fixed income derivatives, and below investment-grade issues, U.S. mortgage backed securities, asset backed securities, municipal bonds, and convertible debt.

International bonds consist of bond mutual funds for institutional investors associated with the CW Pension Plan, Switzerland, and U.K. based pension plans.

(c) This category consists of a guaranteed investment contract (GIC) in Switzerland. Amounts contributed to the plan are guaranteed by a foundation for occupational benefits that in turn entered into a group insurance contract and the foundation pays a guaranteed rate of interest that is reset annually.

(d) This category consists primarily of real estate investment trusts in Switzerland.

Valuation

Equity securities and exchange-traded equity and bond mutual funds are valued using a market approach based on the quoted market prices of identical instruments. Pooled institutional funds are valued at their net asset values and are calculated by the sponsor of the fund.

Fixed income securities are primarily valued using a market approach utilizing various underlying pricing sources and methodologies. Real estate investment trusts are priced at net asset value based on valuations of the underlying real estate holdings using inputs such as discounted cash flows, independent appraisals, and market-based comparable data.

Cash balances in the United States are held in a pooled fund and classified as a Level 2 asset. Non-U.S. cash is valued using a market approach based on quoted market prices of identical instruments.

The following table presents a reconciliation of Level 3 assets held during the year ended December 31, 2013 and 2012:

	Insurance Contracts	Other	Total
December 31, 2011	$10,081	$612	$10,693
Actual return on plan assets:			
Relating to assets still held at the reporting date	151	42	193
Relating to assets sold during the period	—	—	—
Purchases, sales, and settlements	429	57	486
Transfers in and/or out of Level 3	—	—	—
Foreign currency translation adjustment	256	17	273
December 31, 2012	$10,917	$728	$11,645
Actual return on plan assets:			
Relating to assets still held at the reporting date	162	35	197
Relating to assets sold during the period	—	—	—
Purchases, sales, and settlements	(542)	—	(542)
Transfers in and/or out of Level 3	—	—	—
Foreign currency translation adjustment	258	19	277
December 31, 2013	$10,795	$782	$11,577

Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid from the plans:

	Pension Plans	Postretirement Plans	Total
		(In thousands)	
2014	$ 43,128	$1,660	$ 44,788
2015	44,257	1,625	45,882
2016	46,498	1,572	48,070
2017	47,386	1,541	48,927
2018	49,570	1,531	51,101
2019–2023	274,227	7,188	281,415

Other Pension and Postretirement Plans

The Corporation offers all of its domestic employees the opportunity to participate in a defined contribution plan. Costs incurred by the Corporation in the administration and record keeping of the defined contribution plan are paid for by the Corporation and are not considered material.

In addition, the Corporation had foreign pension costs under various defined contribution plans of $5.1 million, $4.8 million, and $3.7 million in 2013, 2012, and 2011, respectively.

18. LEASES

The Corporation conducts a portion of its operations from leased facilities, which include manufacturing and service facilities, administrative offices, and warehouses. In addition, the Corporation leases vehicles, machinery, and office equipment under operating leases. The leases expire at various dates and may include renewals and escalations. Rental expenses for all operating leases amounted to $41.7 million, $35.6 million, and $33.6 million in 2013, 2012, and 2011, respectively.

At December 31, 2013, the approximate future minimum rental commitments under operating leases that have initial or remaining non-cancelable lease terms in excess of one year are as follows:

	Rental Commitments
	(In thousands)
2014	$ 32,970
2015	29,804
2016	25,879
2017	22,439
2018	18,108
Thereafter	82,218
Total	$211,418

On June 3, 2013, the Corporation entered into a build to suit agreement for the construction and lease of a new manufacturing facility in Bethlehem, Pennsylvania. The new facility will consist of two buildings totaling approximately 178,975 square feet situated on 12.5 acres, and will serve as a facility for warehousing, heavy manufacturing, research and development, general office, and hazardous material storage for the Electro Mechanical division in the Flow Control segment. Under the terms of the lease agreement, the Corporation is obligated to pay annual fixed rent of $1.9 million every year for the first eight years with rent escalation of 2.5% every year thereafter for a total of fifteen years.

On June 5, 2013, the Corporation entered into a build to suit agreement for the construction and lease of a new facility in Idaho Falls, Idaho. The new facility will consist of two buildings totaling approximately 112,000 square feet situated on 8.6 acres, and will serve as a general office, assembly, and testing facility for the Nuclear Group division of the Flow Control segment. Under the terms of the lease agreement, the Corporation is obligated to pay initial annual rent of $1.1 million with rent escalation of 2.5% every year thereafter for a total of fifteen years.

19. SEGMENT INFORMATION

The Corporation manages and evaluates its operations based on the products and services it offers and the different markets it serves. Based on this approach, the Corporation has three reportable segments: Flow Control, Controls, and Surface Technologies. The Flow Control segment primarily designs, manufactures, distributes, and services a broad range of highly engineered flow control products including valves, pumps, motors, generators, instrumentation, and control electronics for severe service military and commercial applications. The Controls segment primarily designs, develops, and manufactures mechanical systems, drive systems, and mission-critical embedded computing products and sensors mainly for the aerospace and defense industries. Surface Technologies provides various metallurgical services, principally shot peening, laser peening, coatings, anodizing, heat treating and analytical services. The segment provides these services to a broad spectrum of customers in various industries, including aerospace, automotive, construction equipment, oil and gas, petrochemical, and metal working.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. Interest expense and income taxes are not reported on an operating segment basis because they are not considered in the segments' performance evaluation by the Corporation's CEO, its chief operating decision-maker.

	December 31, 2013	December 31, 2012	December 31, 2011
	(In thousands)		
Net sales			
Flow Control	$1,299,697	$1,095,349	$1,060,785
Controls	904,170	735,085	714,309
Surface Technologies	314,497	277,430	247,989
Less: Intersegment Revenues	(7,593)	(10,148)	(6,341)
Total Consolidated	$2,510,771	$2,097,716	$2,016,742
Operating income (expense)			
Flow Control	$ 116,510	$ 78,779	$ 103,421
Controls	108,558	86,515	75,423
Surface Technologies	50,992	27,494	31,476
Corporate and Eliminations (1)	(42,441)	(31,342)	(23,466)
Total Consolidated	$ 233,619	$ 161,446	$ 186,854
Depreciation and amortization expense			
Flow Control	$ 53,205	$ 42,091	$ 37,617
Controls	45,524	31,968	30,724
Surface Technologies	18,338	17,459	18,099
Corporate	4,430	2,378	1,860
Total Consolidated	$ 121,497	$ 93,896	$ 88,300
Segment assets			
Flow Control	$1,581,357	$1,417,047	$1,257,142
Controls	1,517,773	1,365,112	1,016,935
Surface Technologies	309,473	302,079	286,084
Corporate	49,671	30,350	75,386
Total Consolidated	$3,458,274	$3,114,588	$2,635,547
Capital expenditures			
Flow Control	$ 30,789	$ 27,612	$ 34,655
Controls	16,993	25,199	32,839
Surface Technologies	21,243	24,405	14,572
Corporate	3,217	5,738	2,256
Total Consolidated	$ 72,242	$ 82,954	$ 84,322

(1) Corporate and Eliminations includes pension expense, environmental remediation and administrative expenses, legal, foreign currency transactional gains and losses, and other expenses.

Reconciliations

	December 31, 2013	December 31, 2012	December 31, 2011
	(In thousands)		
Earnings before taxes:			
Total segment operating income	$ 276,060	$ 192,788	$ 210,320
Corporate and administrative	(42,441)	(31,342)	(23,466)
Interest expense	(37,020)	(26,329)	(20,834)
Other income, net	1,354	245	862
Total consolidated earnings before tax	$ 197,953	$ 135,362	$ 166,882

	December 31,		
	2013	2012	2011
		(In thousands)	
Assets:			
Total assets for reportable segments	$3,408,603	$3,084,238	$2,560,161
Non-segment cash	2,862	550	227
Other assets	46,809	29,800	75,159
Total consolidated assets	$3,458,274	$3,114,588	$2,635,547

Geographic Information

	December 31,		
	2013	2012	2011
		(In thousands)	
Revenues			
United States of America	$1,773,108	$1,451,166	$1,409,353
United Kingdom	143,121	153,093	139,002
Canada	83,965	83,027	81,498
Other foreign countries	510,577	410,430	386,889
Consolidated total	$2,510,771	$2,097,716	$2,016,742
Long-Lived Assets			
United States of America	$ 365,691	$ 352,615	$ 327,989
United Kingdom	43,434	43,341	38,859
Canada	27,975	31,740	31,914
Other foreign countries	78,618	61,897	43,966
Consolidated total	$ 515,718	$ 489,593	$ 442,728

20. 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 and current 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.

The Corporation is party to a number of 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 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. At December 31, 2013 and 2012, there were $47.2 million and $51.8 million of stand-by letters of credit outstanding, respectively, and $23.2 million and $6.9 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 $52.9 million surety bond.

AP1000 Program

The Corporation's Electro-Mechanical Division 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 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. To date, the Corporation has not met certain contractual delivery dates under its AP 1000 China contract; 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 December 31, 2013. The range of possible loss is $0 to $25 million.

U.S. Government Defense Budget/Sequestration

In January 2014, President Obama signed into law the Consolidated Appropriations Act, 2014, an omnibus spending bill. The law provides $520.5 billion for defense and $491.7 billion for non-defense discretionary programs through September 30, 2014 and replaces what would have been the second round of across-the-board sequester cuts "sequestration" mandated by the 2011 Budget Control Act. The act provides for modest sequester relief in FY14 and provides the DoD additional stability and flexibility to entertain multi-year contracts. Despite these benefits, the DoD and contractors will still face significant challenges over the next decade as a result of sequestration. While such reductions to future DoD spending levels are largely undetermined, any reduction in levels of DoD spending, cancellations or delays impacting existing contracts or programs, including through sequestration, could have a material impact on the Corporation's results of operations, financial position, or cash flows.

21. ACCUMULATED OTHER COMPREHENSIVE INCOME

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

	Foreign currency translation adjustments, net	Total pension and postretirement adjustments, net	Accumulated other comprehensive income (loss)
December 31, 2011	$39,768	$(104,899)	$(65,131)
Current period other comprehensive income	25,954	(16,331)	9,623
December 31, 2012	$65,722	$(121,230)	$(55,508)
Other comprehensive income (loss) before reclassifications [(1)]	(6,619)	76,705	70,086
Amounts reclassified from accumulated other comprehensive loss [(1)]	—	10,681	10,681
Net current period other comprehensive income (loss)	(6,619)	87,386	80,767
December 31, 2013	$59,103	$ (33,844)	$ 25,259

(1) All amounts are after tax.

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

	Amount reclassified from Accumulated other comprehensive income (loss)	Affected line item in the statement where net earnings is presented
Defined benefit pension plan		
Amortization of prior service costs	(245)	(1)
Amortization of actuarial losses	(14,399)	(1)
Curtailments	(2,178)	
	(16,822)	Total before tax
	6,141	Income tax benefit
Total reclassifications	$(10,681)	Net of tax

(1) These items are included in the computation of net periodic pension cost. See Note 17, Pension and Other Postretirement Benefit Plans.

22. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

	First	Second	Third	Fourth
	(In thousands, except per share data)			
2013				
Net sales	$592,687	$617,687	$600,667	$699,730
Gross profit	183,707	201,014	194,702	231,670
Earnings from continuing operations	20,943	33,370	36,361	47,307
Earnings (loss) from discontinued operations	—	—	—	—
Net earnings	20,943	33,370	36,361	47,307
Earnings per share*				
Basic earnings per share	$ 0.45	$ 0.71	$ 0.77	$ 1.00
Diluted earnings per share	0.44	0.70	0.76	0.97
2012				
Net sales	$501,661	$526,386	$479,222	$590,447
Gross profit	159,274	164,007	141,416	194,046
Earnings from continuing operations	19,842	22,835	11,443	38,169
Earnings from discontinued operations	21,470	(95)	(144)	324
Net earnings	41,312	22,740	11,299	38,493
Basic earnings per share*				
Earnings from continuing operations	$ 0.42	$ 0.49	$ 0.24	$ 0.82
Earnings from discontinued operations	0.46	—	—	—
Total	$ 0.88	$ 0.49	$ 0.24	$ 0.82
Diluted earnings per share*				
Earnings from continuing operations	$ 0.42	$ 0.48	$ 0.24	$ 0.81
Earnings from discontinued operations	0.45	—	—	—
Total	$ 0.87	$ 0.48	$ 0.24	$ 0.81

* May not add due to rounding

23. SUBSEQUENT EVENTS

Subsequent to December 31, 2013, the Corporation aligned its reportable segments with its end markets to strengthen its ability to service customers and recognize certain organizational efficiencies. As result of this realignment the Corporation has created three new reportable segments: Commercial/Industrial, Defense, and Energy. The Corporation's former Surface Technologies segment will be consolidated within the new Commercial/Industrial segment. In addition, the commercial businesses that were in the former Controls segment will also form part of the new Commercial/Industrial segment. The Corporation's defense businesses, which were primarily in the Corporation's former Controls segment and to a lesser extent in the former Flow Control segment, will be consolidated within the new Defense segment. The Corporation's oil and gas businesses and its aftermarket nuclear power businesses, which were in the former Flow Control segment, will form the new Energy segment.

On January 10, 2014, the Corporation acquired 100% of the shares of Component Coating and Repair Services Limited (CCRS) for approximately £15 million (approximately $25 million) in cash, net of cash acquired. CCRS is a UK provider of corrosion resistant coatings and precision airfoil repair services for aerospace and industrial turbine applications. The acquired business will operate within the Commercial/Industrial segment.

* * * * * *

REPORT OF THE CORPORATION

The consolidated financial statements appearing in Item 8 of this Annual Report on Form 10-K have been prepared by the Corporation in conformity with accounting principles generally accepted in the United States of America. The financial statements necessarily include some amounts that are based on the best estimates and judgments of the Corporation. Other financial information in this Annual Report on Form 10-K is consistent with that in the financial statements.

The Corporation maintains accounting systems, procedures, and internal accounting controls designed to provide reasonable assurance that assets are safeguarded and that transactions are executed in accordance with the appropriate corporate authorization and are properly recorded. The accounting systems and internal accounting controls are augmented by written policies and procedures, organizational structure providing for a division of responsibilities, selection and training of qualified personnel, and an internal audit program. The design, monitoring, and revision of internal accounting control systems involve, among other things, management's judgment with respect to the relative cost and expected benefits of specific control measures. Management of the Corporation has completed an assessment of the Corporation's internal controls over financial reporting and has included "Management's Annual Report on Internal Control Over Financial Reporting" in Item 9A of this Annual Report on Form 10-K.

Deloitte & Touche LLP, our independent registered public accounting firm, performed an integrated audit of the Corporation's financial statements that also included forming an opinion on the internal controls over financial reporting of the Corporation for the year ended December 31, 2013. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The objective of their audit is the expression of an opinion on the fairness of the Corporation's financial statements in conformity with accounting principles generally accepted in the United States of America, in all material respects, and on the internal controls over financial reporting as of December 31, 2013.

The Audit Committee of the Board of Directors, composed entirely of directors who are independent of the Corporation, appoints the independent registered public accounting firm for ratification by stockholders and, among other things, considers the scope of the independent registered public accounting firm's examination, the audit results, and the adequacy of internal accounting controls of the Corporation. The independent registered public accounting firm and the internal auditor have direct access to the Audit Committee, and they meet with the committee from time to time, with and without management present, to discuss accounting, auditing, non audit consulting services, internal control, and financial reporting matters.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Curtiss-Wright Corporation
Charlotte, North Carolina

We have audited the accompanying consolidated balance sheets of Curtiss-Wright Corporation and subsidiaries (the "Company") as of December 31, 2013 and 2012, and the related consolidated statements of earnings, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2013. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control—Integrated Framework* (*1992*) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 21, 2014 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Parsippany, New Jersey
February 21, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Curtiss-Wright Corporation
Charlotte, North Carolina

We have audited the internal control over financial reporting of Curtiss-Wright Corporation and subsidiaries (the "Company") as of December 31, 2013, based on criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2013 of the Company and our report dated February 21, 2014 expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ Deloitte & Touche LLP

Parsippany, New Jersey
February 21, 2014

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.***

None.

Item 9A. ***Controls And Procedures.***

Disclosure Controls and Procedures

As of December 31, 2013, the Corporation's management, including the Corporation's Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the Corporation's 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, the Corporation's Chief Executive Officer and Chief Financial Officer concluded that the Corporation's disclosure controls and procedures are effective as of December 31, 2013 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.

Management's Annual Report On Internal Control Over Financial Reporting

The Corporation's management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of the future effectiveness of controls currently deemed effective are subject to the risk that controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with the policies or procedures.

The Corporation's management assessed the effectiveness of the Corporation's internal control over financial reporting as of December 31, 2013. In making this assessment, the Corporation's management used the criteria established by the 1992 Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework.

Based on management's assessment, management believes that as of December 31, 2013, the Corporation's internal control over financial reporting is effective based on the established criteria.

The Corporation's internal controls over financial reporting as of December 31, 2013 have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, and their report thereon is included in Item 8 of this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

There were no changes in the Corporation's internal control over financial reporting during the most recently completed fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. ***Other Information.***

None.

PART III

The information required by Items 10, 11, 12, 13, and 14 of Part III of this Annual Report on Form 10-K, to the extent not set forth herein, is incorporated herein by reference from the registrant's definitive proxy statement relating to the annual meeting of stockholders to be held on May 2, 2014 which definitive proxy statement shall be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates. Information required by Item 401(b) of Regulation S-K is included in Part I of this report under the caption "Executive Officers" and information required by Item 201(d) of Regulation S-K is included in Part II of this report under the caption "Securities Authorized For Issuance Under Equity Compensation Plans".

PART IV

Item 15. *Exhibits, Financial Statement Schedules.*

(a) Financial Statements and Footnotes

All other financial statement schedules have been omitted because they are either not required, not applicable or the required information is shown in the Consolidated Financial Statements or Notes thereto.

(b) Exhibits

Exhibit No.	Exhibit Description	Incorporated by Reference Form	Incorporated by Reference Filing Date	Filed Herewith
2.1	Agreement and Plan of Merger and Recapitalization, dated as of February 1, 2005, by and between the Registrant and CW Merger Sub, Inc.	8-K	February 3, 2005	
3.1	Amended and Restated Certificate of Incorporation	8-A/A	May 24, 2005	
3.2	Amended and Restated By-Laws	8-K	February 13, 2014	
3.3	Form of stock certificate for Common Stock	8-K	November 17, 2008	
4.1	Agreement to furnish to the Commission upon request a copy of any long-term debt instrument where the amount of the securities authorized thereunder does not exceed 10% of the total assets of the Registrant and its subsidiaries on a consolidated basis.	10-K	December 31, 1985	
10.1	Curtiss-Wright Corporation 2005 Omnibus Long-Term Incentive Plan, amended and restated effective January 1, 2010.*	14A	March 19, 2010	
10.2	Form of Long Term Incentive Award Agreement, between the Registrant and the executive officers of the Registrant.*	10-K	March 7, 2006	

Exhibit No.	Exhibit Description	Incorporated by Reference		Filed Herewith
		Form	Filing Date	
10.3	Revised Standard Employment Severance Agreement with Senior Management of the Registrant.*	10-Q	August 15, 2001	
10.4	Amended and Restated Retirement Benefits Restoration Plan as amended January 1, 2009.*	10-K	February 25, 2011	
10.5	Instrument of Amendment No. 1 to Amended and Restated Retirement Benefits Restoration Plan as amended January 1, 2009.*	10-K	February 24, 2012	
10.6	Amended and Restated Curtiss-Wright Corporation Retirement Plan and Instrument of Amendment No. 1, as amended through January 1, 2010.*	10-K	February 25, 2011	
10.7	Instrument of Amendment No. 2 to the Amended and Restated Curtiss-Wright Corporation Retirement Plan, as amended January 1, 2010.*	10-K	February 24, 2012	
10.8	Instrument of Amendment No. 3 to the Amended and Restated Curtiss-Wright Corporation Retirement Plan, as amended January 1, 2010.*	10-K	February 21, 2013	
10.9	Instrument of Amendment No. 4 to the Amended and Restated Curtiss-Wright Corporation Retirement Plan, as amended January 1, 2010.*	10-K	February 21, 2013	
10.10	Instrument of Amendment No. 5 to the Amended and Restated Curtiss-Wright Corporation Retirement Plan, as amended January 1, 2010.*			X
10.11	Instrument of Amendment No. 6 to the Amended and Restated Curtiss-Wright Corporation Retirement Plan, as amended January 1, 2010.*			X
10.12	Instrument of Amendment No. 7 to the Amended and Restated Curtiss-Wright Corporation Retirement Plan, as amended January 1, 2010.*			X
10.13	Restated and Amended Curtiss-Wright Corporation Savings and Investment Plan, dated January 1, 2010.*	10-K	February 25, 2011	
10.14	Instrument of Amendment No. 1 to the Restated and Amended Curtiss-Wright Corporation Savings and Investment Plan, dated January 1, 2010.*	10-K	February 25, 2011	
10.15	Instrument of Amendment No. 2 to the Restated and Amended Curtiss-Wright Corporation Savings and Investment Plan, dated January 1, 2010.*	10-K	February 24, 2012	
10.16	Instrument of Amendment No. 3 to the Restated and Amended Curtiss-Wright Corporation Savings and Investment Plan, dated January 1, 2010.*	10-K	February 24, 2012	
10.17	Instrument of Amendment No. 4 to the Restated and Amended Curtiss-Wright Corporation Savings and Investment Plan, dated January 1, 2010.*	10-K	February 21, 2013	
10.18	Instrument of Amendment No. 5 to the Restated and Amended Curtiss-Wright Corporation Savings and Investment Plan, dated January 1, 2010.*			X
10.19	Instrument of Amendment No. 6 to the Restated and Amended Curtiss-Wright Corporation Savings and Investment Plan, dated January 1, 2010.*			X

Exhibit No.	Exhibit Description	Incorporated by Reference		Filed Herewith
		Form	Filing Date	
10.20	Form of indemnification Agreement entered into by the Registrant with each of its directors.	10-Q	May 7, 2012	
10.21	Amended and Restated Curtiss-Wright Electro-Mechanical Corporation Savings Plan, dated January 1, 2010.*	10-K	February 25, 2011	
10.22	Instrument of Amendment No. 1 to the Amended and Restated Curtiss-Wright Electro-Mechanical Corporation Savings Plan, dated January 1, 2010, dated January 1, 2010.*	10-K	February 24, 2012	
10.23	Instrument of Amendment No. 2 to the Amended and Restated Curtiss-Wright Electro-Mechanical Corporation Savings Plan, dated January 1, 2010, dated January 1, 2010.*	10-K	February 21, 2013	
10.24	Instrument of Amendment No. 3 to the Amended and Restated Curtiss-Wright Electro-Mechanical Corporation Savings Plan, dated January 1, 2010, dated January 1, 2010.*	10-K	February 21, 2013	
10.25	Instrument of Amendment No.4 to the Amended and Restated Curtiss-Wright Electro-Mechanical Corporation Savings Plan, dated January 1, 2010, dated January 1, 2010.*			X
10.26	Curtiss-Wright Corporation 2005 Stock Plan for Non-Employee Directors.*	14A	April 5, 2005	
10.27	Amended and Revised Curtiss-Wright Corporation Executive Deferred Compensation Plan, as amended November 2006.*	10-K	February 27, 2007	
10.28	Instrument of Amendment No. 1 to the Amended and Revised Curtiss-Wright Corporation Executive Deferred Compensation Plan, as amended August 2008.*	10-K	February 24, 2012	
10.29	Change In Control Severance Protection Agreement, dated July 9, 2001, between the Registrant and Chief Executive Officer of the Registrant.*	10-Q	November 15, 2001	
10.30	Letter Agreement dated March 20, 2012 between Registrant and Chief Executive Officer of the Registrant*	8-K	March 23, 2012	
10.31	Standard Change In Control Severance Protection Agreement, dated July 9, 2001, between the Registrant and Key Executives of the Registrant.*	10-Q	November 15, 2001	
10.32	Trust Agreement, dated January 20, 1998, between the Registrant and PNC Bank, National Association.*	10-Q	May 13, 1998	
10.33	Curtiss-Wright Corporation Employee Stock Purchase Plan.*	14A	March 24, 2011	
10.34	Note Purchase Agreement between the Registrant and certain Institutional Investors, dated September 25, 2003.	8-K	October 3, 2003	

Exhibit No.	Exhibit Description	Incorporated by Reference		Filed Herewith
		Form	Filing Date	
10.35	Restrictive Legends on Notes subject to Note Purchase Agreement between the Registrant and certain Institutional Investors, dated September 25, 2003.	8-K	October 3, 2003	
10.36	Note Purchase Agreement between the Registrant and certain Institutional Investors, dated December 1, 2005.	8-K	December 5, 2005	
10.37	Restrictive Legends on Notes subject to Note Purchase Agreement between the Registrant and certain Institutional Investors, dated December 1, 2005.	8-K	December 5, 2005	
10.38	Note Purchase Agreement between the Registrant and certain Institutional Investors, dated December 8, 2011.	8-K	December 13, 2011	
10.39	Restrictive Legends on Notes subject to Note Purchase Agreement between the Registrant and certain Institutional Investors, dated December 8, 2011.	8-K	December 13, 2011	
10.40	Note Purchase Agreement between the Registrant and certain Institutional Investors, dated February 26, 2013.	8-K	February 27, 2013	
10.41	Restrictive Legends on Notes subject to Note Purchase Agreement between the Registrant and certain Institutional Investors, dated February 26, 2013.	8-K	February 27, 2013	
10.42	Incentive Compensation Plan, as amended November 15, 2010.*	14A	March 24, 2011	
10.43	Restricted Stock Unit Agreement, dated October 9, 2006, by and between the Registrant and David Adams.*	8-K	October 16, 2006	
10.44	Restricted Stock Unit Agreement, dated October 23, 2007, by and between the Registrant and David Adams.*	8-K	October 25, 2007	
10.45	Third Amended and Restated Credit Agreement dated as of August 9, 2012 among the Registrant, and Certain Subsidiaries as Borrowers; the Lenders parties thereto; Bank of America, N.A., as Administrative Agent; Swingline Lender, and L/C Issuer; J.P. Morgan Chase Bank, N.A., and Wells Fargo, N.A., as Syndication Agents; and RBS Citizens, N.A., as Documentation Agent	8-K	August 13, 2012	
21	Subsidiaries of the Registrant.			X
23	Consent of Independent Registered Public Accounting Firm.			X
31.1	Certification of David C. Adams, President and CEO, Pursuant to Rule 13a–14(a).			X
31.2	Certification of Glenn E. Tynan, Chief Financial Officer, Pursuant to Rule 13a–14(a).			X

Exhibit No.	Exhibit Description	Incorporated by Reference		Filed Herewith
		Form	Filing Date	
32	Certification of David C. Adams, President and CEO and Glenn E. Tynan, Chief Financial Officer, Pursuant to 18 U.S.C. Section 1350.			X
*	Indicates contract or compensatory plan or arrangement			
101.INS	XBRL Instance Document			
101.SCH	XBRL Taxonomy Extension Schema Document			
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document			
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document			
101.LAB	XBRL Taxonomy Extension Label Linkbase Document			
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document			

CURTISS-WRIGHT CORPORATION and SUBSIDIARIES
Schedule II–Valuation and Qualifying Accounts
for the years ended December 31, 2013, 2012, and 2011

Description	Balance at Beginning of Period	Additions: Charged to Costs and Expenses	Additions: Charged to Other Accounts (Describe)	Deductions (Describe)	Balance at End of Period
			(In thousands)		
Deducted from assets to which they apply:					
December 31, 2013					
Reserves for inventory obsolescence	$50,333	$16,291	$ 771 (A)	$12,995 (B)	$54,400
Reserves for doubtful accounts	7,013	4,038	327 (A)	4,521 (C)	6,857
Tax valuation allowance	8,531	(1,896)	(314)(A)	—	6,321
Total	$65,877	$18,433	$ 784	$17,516	$67,578
December 31, 2012					
Reserves for inventory obsolescence	$48,547	$11,842	$3,113 (A)	$13,169 (B)	$50,333
Reserves for doubtful accounts	6,880	5,301	557 (A)	5,725 (C)	7,013
Tax valuation allowance	5,518	1,665	1,348 (A)	—	8,531
Total	$60,945	$18,808	$5,018	$18,894	$65,877
December 31, 2011					
Reserves for inventory obsolescence	$41,596	$12,038	$1,948 (A)	$ 7,035 (B)	$48,547
Reserves for doubtful accounts	3,972	4,258	836 (A)	2,186 (C)	6,880
Tax valuation allowance	4,974	432	112 (A)	—	5,518
Total	$50,542	$16,728	$2,896	$ 9,221	$60,945

Notes:

(A) Primarily foreign currency translation adjustments.

(B) Write-off and sale of obsolete inventory.

(C) Write-off of bad debt and collections on previously reserved accounts.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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)

Date: February 21, 2014	By: /s/ DAVID C. ADAMS David C. Adams President and CEO

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Date: February 21, 2014	By: /s/ GLENN E. TYNAN Glenn E. Tynan Chief Financial Officer
Date: February 21, 2014	By: /s/ GLENN COLEMAN Glenn Coleman Controller
Date: February 21, 2014	By: /s/ MARTIN R. BENANTE Martin R. Benante Executive Chairman and Director
Date: February 21, 2014	By: /s/ DEAN M. FLATT Dean M. Flatt Director
Date: February 21, 2014	By: /s/ S. MARCE FULLER S. Marce Fuller Director
Date: February 21, 2014	By: /s/ ALLEN A. KOZINSKI Allen A. Kozinski Director
Date: February 21, 2014	By: /s/ JOHN R. MYERS John R. Myers Director
Date: February 21, 2014	By: /s/ JOHN B. NATHMAN John B. Nathman Director
Date: February 21, 2014	By: /s/ ROBERT J. RIVET Robert J. Rivet Director
Date: February 21, 2014	By: /s/ WILLIAM W. SIHLER William W. Sihler Director
Date: February 21, 2014	By: /s/ ALBERT E. SMITH Albert E. Smith Director

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