CHINA PETROLEUM & CHEMICAL CORP
Form SC 13G/A
February 06, 2009

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

SCHEDULE 13G

Under the Securities Exchange Act of 1934
(Amendment No. 1)*

CHINA PETROLEUM & CHEMICAL CORPORATION

(Name of Issuer)

H Shares of par value RMB 1.00 per share

(Title of Class of Securities)

16941R108[1]

(CUSIP Number)

December 31, 2008
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

x Rule 13d-1(b)
o Rule 13d-1(c)
o Rule 13d-1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

1. NAMES OF REPORTING PERSONS.

Franklin Resources, Inc.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)
(b) X

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

5. SOLE VOTING POWER

(See Item 4)

6. SHARED VOTING POWER

(See Item 4)

7. SOLE DISPOSITIVE POWER

(See Item 4)

8. SHARED DISPOSITIVE POWER

(See Item 4)

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

350,241,913

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

2.1%

12. TYPE OF REPORTING PERSON

HC, CO (See Item 4)

1. NAMES OF REPORTING PERSONS.

   Charles B. Johnson

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

   (a)
   (b) X

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

   USA

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

5. SOLE VOTING POWER

   (See Item 4)

6. SHARED VOTING POWER

   (See Item 4)

7. SOLE DISPOSITIVE POWER

   (See Item 4)

8. SHARED DISPOSITIVE POWER

(See Item 4)

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

350,241,913

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

2.1%

12. TYPE OF REPORTING PERSON

HC, IN (See Item 4)

1. NAMES OF REPORTING PERSONS.

Rupert H. Johnson, Jr.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)
(b) X

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

USA

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

5. SOLE VOTING POWER

(See Item 4)

6. SHARED VOTING POWER

(See Item 4)

7. SOLE DISPOSITIVE POWER

(See Item 4)

8. SHARED DISPOSITIVE POWER

(See Item 4)

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

350,241,913

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES o

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

2.1%

12. TYPE OF REPORTING PERSON

HC, IN (See Item 4)

Item 1.

(a) Name of Issuer

CHINA PETROLEUM & CHEMICAL CORPORATION

(b) Address of Issuer's Principal Executive Offices

22 Chaoyangmen North Street

Chaoyang District, Beijing, 100728

The People's Republic of China

Item 2.

(a) Name of Person Filing

(i): Franklin Resources, Inc.

(ii): Charles B. Johnson

(iii): Rupert H. Johnson, Jr.

(b) Address of Principal Business Office or, if none, Residence

(i), (ii), and (iii):

One Franklin Parkway
San Mateo, CA 94403-1906

(c) Citizenship

(i): Delaware

(ii) and (iii): USA

(d) Title of Class of Securities

H Shares of par value RMB 1.00 per share

(e) CUSIP Number

16941R108

Item 3. If this statement is filed pursuant to §§240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:

(a) o Broker or dealer registered under section 15 of the Act (15 U.S.C. 78o).
(b) o Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c).
(c) o Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c).
(d) o Investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C 80a-8).
(e) o An investment adviser in accordance with §240.13d-1(b)(1)(ii)(E);
(f) o An employee benefit plan or endowment fund in accordance with §240.13d-1(b)(1)(ii)(F);
(g) X A parent holding company or control person in accordance with §240.13d-1(b)(1)(ii)(G);
(h) o A savings associations as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
(i) o A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);
(j) o Group, in accordance with §240.13d-1(b)(1)(ii)(J).

Item 4. Ownership

The securities reported herein (the “Securities”) are beneficially owned by one or more open- or closed-end investment companies or other managed accounts that are investment management clients of investment managers that are direct and indirect subsidiaries (each, an “Investment Management Subsidiary” and, collectively, the “Investment Management Subsidiaries”) of Franklin Resources, Inc.(“FRI”), including the Investment Management Subsidiaries listed in Item 7. Investment management contracts grant to the Investment Management Subsidiaries all investment and/or voting power over the securities owned by such investment management clients, unless otherwise noted in this Item 4. Therefore, for purposes of Rule 13d-3 under the Act, the Investment Management Subsidiaries may be deemed to be the beneficial owners of the Securities.

Beneficial ownership by investment management subsidiaries and other affiliates of FRI is being reported in conformity with the guidelines articulated by the SEC staff in Release No. 34-39538 (January 12, 1998) relating to organizations, such as FRI, where related entities exercise voting and investment powers over the securities being reported independently from each other. The voting and investment powers held by Franklin Mutual Advisers, LLC (“FMA”), an indirect wholly-owned Investment Management Subsidiary, are exercised independently from FRI and from all other Investment Management Subsidiaries (FRI, its affiliates and the Investment Management Subsidiaries other than FMA are collectively, “FRI affiliates”). Furthermore, internal policies and procedures of FMA and FRI establish informational barriers that prevent the flow between FMA and the FRI affiliates of information that relates to the voting and investment powers over the securities owned by their respective investment management clients. Consequently, FMA and the FRI affiliates report the securities over which they hold investment and voting power separately from each other for purposes of Section 13 of the Act.

Charles B. Johnson and Rupert H. Johnson, Jr. (the “Principal Shareholders”) each own in excess of 10% of the outstanding common stock of FRI and are the principal stockholders of FRI. FRI and the Principal Shareholders may be deemed to be, for purposes of Rule 13d-3 under the Act, the beneficial owners of securities held by persons and entities for whom or for which FRI subsidiaries provide investment management services. The number of shares that may be deemed to be beneficially owned and the percentage of the class of which such shares are a part are reported in Items 9 and 11 of the cover pages for FRI and each of the Principal Shareholders. FRI, the Principal Shareholders and each of the Investment Management Subsidiaries disclaim any pecuniary interest in any of the Securities. In addition, the filing of this Schedule 13G on behalf of the Principal Shareholders, FRI and FRI affiliates, as applicable, should not be construed as an admission that any of them is, and each disclaims that it is, the beneficial owner, as defined in Rule 13d-3, of any of the Securities.

FRI, the Principal Shareholders, and each of the Investment Management Subsidiaries believe that they are not a "group" within the meaning of Rule 13d-5 under the Act and that they are not otherwise required to attribute to each other the beneficial ownership of the Securities held by any of them or by any persons or entities for whom or for which FRI subsidiaries provide investment management services.

(a) Amount beneficially owned:

350,241,913

(b) Percent of class:

2.1%

(c) Number of shares as to which the person has:

(i) Sole power to vote or to direct the vote

Franklin Resources, Inc.:	0
Charles B. Johnson:	0
Rupert H. Johnson, Jr.:	0
Templeton Asset Management Ltd.:	348,871,913
Franklin Templeton Asset Management India Private Limited:	1,002,000
Franklin Advisers, Inc.:	368,000

(ii) Shared power to vote or to direct the vote

0

(iii) Sole power to dispose or to direct the disposition of

Franklin Resources, Inc.:	0
Charles B. Johnson:	0
Rupert H. Johnson, Jr.:	0
Templeton Asset Management Ltd.:	348,871,913
Franklin Templeton Asset Management India Private Limited:	1,002,000
Franklin Advisers, Inc.:	368,000

(iv) Shared power to dispose or to direct the disposition of

0

Item 5. Ownership of Five Percent or Less of a Class

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following X.

Item 6. Ownership of More than Five Percent on Behalf of Another Person

The clients of the Investment Management Subsidiaries, including investment companies registered under the Investment Company Act of 1940 and other managed accounts, have the right to receive or power to direct the receipt of dividends from, as well as the proceeds from the sale of, such securities reported on in this statement.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company

See Attached Exhibit C
(See also Item 4)

Item 8. Identification and Classification of Members of the Group

Not Applicable (See also Item 4)

Item 9. Notice of Dissolution of Group

Not Applicable

Item 10. Certification

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

This report shall not be construed as an admission by the persons filing the report that they are the beneficial owner of any securities covered by this report.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: January 29, 2009

Franklin Resources, Inc.

Charles B. Johnson

Rupert H. Johnson, Jr.

By: /s/ROBERT C. ROSSELOT

Robert C. Rosselot

Assistant Secretary of Franklin Resources, Inc.

Attorney-in-Fact for Charles B. Johnson pursuant to Power of Attorney attached to this Schedule 13G

Attorney-in-Fact for Rupert H. Johnson, Jr. pursuant to Power of Attorney attached to this Schedule 13G

EXHIBIT A

JOINT FILING AGREEMENT

In accordance with Rule 13d-1(k) under the Securities Exchange Act of 1934, as amended, the undersigned hereby agree to the joint filing with each other of the attached statement on Schedule 13G and to all amendments to such statement and that such statement and all amendments to such statement are made on behalf of each of them.

IN WITNESS WHEREOF, the undersigned have executed this agreement on January 29, 2009.

Franklin Resources, Inc.

Charles B. Johnson

Rupert H. Johnson, Jr.

By: /s/ROBERT C. ROSSELOT

Robert C. Rosselot

Assistant Secretary of Franklin Resources, Inc.

Attorney-in-Fact for Charles B. Johnson pursuant to Power of Attorney attached to this Schedule 13G

Attorney-in-Fact for Rupert H. Johnson, Jr. pursuant to Power of Attorney attached to this Schedule 13G

EXHIBIT B

LIMITED POWER OF ATTORNEY

(In thousands)	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
	0000000000	0000000000	0000000000	0000000000	
Assets					
Current Assets					
Cash and cash equivalents	$ 110,527	$ 7,037	$ 233,917	$ 0	$ 351,481
Cash in escrow	14,000	0	0	0	14,000
Accounts receivable, net	423	117,495	145,748	0	263,666
Inventories	0	144,176	159,429	0	303,605
Income tax refundable	17,662	(2,338)	6,760	0	22,084
Deferred income tax benefits	22,208	(1,230)	17,666	0	38,644
Prepaid expenses	52	5,527	10,885	0	16,464
Other current assets	25	257	10,335	0	10,617
Total Current Assets	164,897	270,924	584,740	0	1,020,561
Property, Plant & Equipment, Net	1,118	165,472	113,759	0	280,349
Goodwill	0	311,596	494,742	0	806,338
Intangibles, Net	0	138,822	308,822	0	447,644
Debt Issuance Costs, Net	7,413	0	0	0	7,413
Deferred Income Tax Benefits	44,716	3,593	40,557	0	88,866
Other Assets	(70)	1,709	9,038	0	10,677

Amounts Due From (To) Subsidiaries	35,907	290,066	0	(325,973)	0
Investment in Subsidiaries	1,837,906	153,466	229,041	(2,220,413)	0
Total Assets	$ 2,091,887	$ 1,335,648	$ 1,780,699	$ (2,546,386)	$ 2,661,848

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(In thousands)	00000000000 Parent	00000000000 Guarantor Subsidiaries	00000000000 Non-Guarantor Subsidiaries	00000000000 Eliminations	00000000000 Total
Liabilities and Shareholders Equity					
Current Liabilities					
Accounts payable	$ 724	$ 27,674	$ 47,827	$ 0	$ 76,225
Accrued liabilities	29,557	79,756	119,065	0	228,378
Credit facilities	0	0	0	0	0
Current maturities of long-term debt	12,500	150	1,609	0	14,259
Deferred income tax liabilities	197	258	6,388	0	6,843
Federal and foreign income taxes	0	(22,198)	26,711	0	4,513
Total Current Liabilities	42,978	85,640	201,600	0	330,218
Long-Term Debt, Net	523,631	44,432	26,082	0	594,145
Deferred Income Tax Liabilities	43,921	20,492	85,577	0	149,990
Pension and Post-Retirement Obligations	16,586	41,577	48,884	0	107,047
Other Liabilities	10,278	9,103	6,574	0	25,955
Amounts Due To (From) Subsidiaries	0	0	323,043	(323,043)	0
Shareholders Equity	1,454,493	1,134,404	1,088,939	(2,223,343)	1,454,493
Total Liabilities and Shareholders Equity	$ 2,091,887	$ 1,335,648	$ 1,780,699	$ (2,546,386)	$ 2,661,848

Condensed Consolidating Statement of Operations for the three month period ended January 28, 2011.

(In thousands)	00000000000 Parent	00000000000 Guarantor Subsidiaries	00000000000 Non-Guarantor Subsidiaries	00000000000 Eliminations	00000000000 Total
Net Sales	$ 0	$ 195,450	$ 175,560	$ (211)	$ 370,799
Cost of Sales	0	128,513	110,375	(211)	238,677
	0	66,937	65,185	0	132,122
Expenses					
Selling, general and administrative	0	31,205	34,887	0	66,092
Research, development and engineering	0	9,635	9,984	0	19,619
Total Expenses	0	40,840	44,871	0	85,711
Operating Earnings from Continuing Operations	0	26,097	20,314	0	46,411
Interest Income	(3,482)	(625)	(5,410)	9,177	(340)
Interest Expense	8,029	4,989	5,296	(9,177)	9,137
Income (Loss) from Continuing Operations Before Taxes	(4,547)	21,733	20,428	0	37,614
Income Tax Expense (Benefit)	(1,073)	3,871	4,856	0	7,654
Income (Loss) from Continuing Operations Including Noncontrolling Interests	(3,474)	17,862	15,572	0	29,960
Loss Attributable to Noncontrolling Interests	0	0	23	0	23
Income (Loss) from Continuing Operations Attributable to Esterline	(3,474)	17,862	15,595	0	29,983
Income from Discontinued Operations Attributable to Esterline, Net of Tax	8	0	0	0	8
Equity in Net Income of Consolidated Subsidiaries	33,457	3,859	1,172	(38,488)	0
Net Income (Loss) Attributable to Esterline	$ 29,991	$ 21,721	$ 16,767	$ (38,488)	$ 29,991

Condensed Consolidating Statement of Cash Flows for the three month period ended January 28, 2011.

(In thousands)	00000000000 Parent	00000000000 Guarantor Subsidiaries	00000000000 Non-Guarantor Subsidiaries	00000000000 Eliminations	00000000000 Total
Cash Flows Provided (Used) by Operating Activities					
Net earnings (loss) including noncontrolling interests	$ 29,991	$ 21,721	$ 16,744	$ (38,488)	$ 29,968
Depreciation & amortization	0	8,394	9,366	0	17,760
Deferred income taxes	4,005	22	(2,562)	0	1,465
Share-based compensation	0	921	1,149	0	2,070
Working capital changes, net of effect of acquisitions:					
Accounts receivable	(149)	22,200	31,753	0	53,804
Inventories	0	(8,936)	(15,148)	0	(24,084)
Prepaid expenses	(3)	201	(407)	0	(209)
Other current assets	(25)	(213)	527	0	289
Accounts payable	(220)	(1,070)	(6,723)	0	(8,013)
Accrued liabilities	3,276	(4,686)	(13,709)	0	(15,119)
Federal & foreign income taxes	(4,387)	(1,704)	(1,048)	0	(7,139)
Other liabilities	2,352	(200)	(905)	0	1,247
Other, net	1	250	(2,645)	0	(2,394)
	34,841	36,900	16,392	(38,488)	49,645
Cash Flows Provided (Used) by Investing Activities					
Purchases of capital assets	(11)	(8,036)	(6,586)	0	(14,633)
Proceeds from sale of capital assets	0	184	211	0	395
Escrow deposit	(14,000)	0	0	0	(14,000)
Acquisitions, net of cash acquired	0	(103,548)	0	0	(103,548)
	(14,011)	(111,400)	(6,375)	0	(131,786)

(In thousands)	00000000000 Parent	00000000000 Guarantor Subsidiaries	00000000000 Non-Guarantor Subsidiaries	00000000000 Eliminations	00000000000 Total
Cash Flows Provided (Used) by Financing Activities					
Proceeds provided by stock issuance under employee stock plans	6,923	0	0	0	6,923
Excess tax benefits from stock options exercised	953	0	0	0	953
Debt and other issuance costs	(36)	0	0	0	(36)
Net change in credit facilities	0	0	0	0	0
Repayment of long-term debt	(1,563)	(83)	(62)	0	(1,708)
Proceeds from government assistance	0	0	5,285	0	5,285
Net change in intercompany financing	(121,628)	79,305	3,835	38,488	0
	(115,351)	79,222	9,058	38,488	11,417
Effect of foreign exchange rates on cash and cash equivalents	(2)	(2)	89	0	85
Net increase (decrease) in cash and cash equivalents	(94,523)	4,720	19,164	0	(70,639)
Cash and cash equivalents beginning of year	205,050	2,317	214,753	0	422,120
Cash and cash equivalents end of year	$ 110,527	$ 7,037	$ 233,917	$ 0	$ 351,481

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Condensed Consolidating Balance Sheet as of October 29, 2010

(In thousands)	00000000000 Parent	00000000000 Guarantor Subsidiaries	00000000000 Non-Guarantor Subsidiaries	00000000000 Eliminations	00000000000 Total
Assets					
Current Assets					
Cash and cash equivalents	$ 205,050	$ 2,317	$ 214,753	$ 0	$ 422,120
Accounts receivable, net	274	131,531	177,437	0	309,242
Inventories	0	118,567	143,806	0	262,373
Income tax refundable	12,548	0	5,258	0	17,806
Deferred income tax benefits	23,507	(1,627)	15,659	0	37,539
Prepaid expenses	49	5,729	10,486	0	16,264
Other current assets	0	1	11,240	0	11,241
Total Current Assets	241,428	256,518	578,639	0	1,076,585
Property, Plant & Equipment, Net	1,249	162,407	110,114	0	273,770
Goodwill	0	246,176	493,554	0	739,730
Intangibles, Net	0	89,812	299,205	0	389,017
Debt Issuance Costs, Net	7,774	0	0	0	7,774
Deferred Income Tax Benefits	44,407	3,537	39,678	0	87,622
Other Assets	(69)	2,004	11,305	0	13,240
Amounts Due From (To) Subsidiaries	41,529	271,345	0	(312,874)	0
Investment in Subsidiaries	1,710,032	149,607	227,869	(2,087,508)	0
Total Assets	$ 2,046,350	$ 1,181,406	$ 1,760,364	$ (2,400,382)	$ 2,587,738

(In thousands)	00000000000 Parent	00000000000 Guarantor Subsidiaries	00000000000 Non-Guarantor Subsidiaries	00000000000 Eliminations	00000000000 Total
Liabilities and Shareholders Equity					
Current Liabilities					
Accounts payable	$ 944	$ 28,345	$ 52,986	$ 0	$ 82,275
Accrued liabilities	18,662	73,870	122,562	0	215,094
Credit facilities	0	0	1,980	0	1,980
Current maturities of long-term debt	10,938	80	1,628	0	12,646
Deferred income tax liabilities	197	278	6,680	0	7,155
Federal and foreign income taxes	(727)	(20,522)	26,476	0	5,227
Total Current Liabilities	30,014	82,051	212,312	0	324,377
Long-Term Debt, Net	534,375	44,525	20,072	0	598,972
Deferred Income Tax Liabilities	40,300	123	86,658	0	127,081
Pension and Post-Retirement Obligations	16,629	42,279	46,425	0	105,333
Other Liabilities	9,533	251	6,692	0	16,476
Amounts Due To (From) Subsidiaries	0	0	310,115	(310,115)	0
Shareholders Equity	1,415,499	1,012,177	1,078,090	(2,090,267)	1,415,499
Total Liabilities and Shareholders Equity	$ 2,046,350	$ 1,181,406	$ 1,760,364	$ (2,400,382)	$ 2,587,738

Condensed Consolidating Statement of Operations for the three month period ended January 29, 2010.

(In thousands)	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
	00000000000	00000000000	00000000000	00000000000	00000000000
Net Sales	$ 0	$ 167,776	$ 167,534	$ 0	$ 335,310
Cost of Sales	0	114,671	117,968	0	232,639
	0	53,105	49,566	0	102,671
Expenses					
Selling, general and administrative	0	29,236	32,059	0	61,295
Research, development and engineering	0	5,833	10,916	0	16,749
Other expense	0	0	41	0	41
Total Expenses	0	35,069	43,016	0	78,085
Operating Earnings from Continuing Operations	0	18,036	6,550	0	24,586
Interest Income	(3,880)	(630)	(10,113)	14,240	(383)
Interest Expense	6,639	4,988	10,574	(14,240)	7,961
Income (Loss) from Continuing Operations Before Taxes	(2,759)	13,678	6,089	0	17,008
Income Tax Expense (Benefit)	(702)	3,299	1,972	0	4,569
Income (Loss) from Continuing Operations Including Noncontrolling Interests	(2,057)	10,379	4,117	0	12,439
Income Attributable to Noncontrolling Interests	0	0	(54)	0	(54)
Income (Loss) from Continuing Operations Attributable to Esterline	(2,057)	10,379	4,063	0	12,385
Income from Discontinued Operations Attributable to Esterline, Net of Tax	0	340	0	0	340
Equity in Net Income of Consolidated Subsidiaries	14,782	3,305	(258)	(17,829)	0
Net Income (Loss) Attributable to Esterline	$ 12,725	$ 14,024	$ 3,805	$ (17,829)	$ 12,725

Condensed Consolidating Statement of Cash Flows for the three month period ended January 29, 2010.

(In thousands)

	00000000000 Parent	00000000000 Guarantor Subsidiaries	00000000000 Non-Guarantor Subsidiaries	00000000000 Eliminations	00000000000 Total
Cash Flows Provided (Used) by Operating Activities					
Net earnings (loss) including noncontrolling interests	$ 12,725	$ 14,024	$ 3,859	$ (17,829)	$ 12,779
Depreciation & amortization	0	8,128	10,531	0	18,659
Deferred income taxes	506	28	(1,929)	0	(1,395)
Share-based compensation	0	685	787	0	1,472
Working capital changes, net of effect of acquisitions:					
Accounts receivable	0	14,366	8,202	0	22,568
Inventories	0	1,684	(1,952)	0	(268)
Prepaid expenses	0	(1,153)	(940)	0	(2,093)
Other current assets	0	0	(239)	0	(239)
Accounts payable	(97)	320	(4,460)	0	(4,237)
Accrued liabilities	(4,538)	1,235	(17,001)	0	(20,304)
Federal & foreign income taxes	(1,250)	(940)	1,734	0	(456)
Other liabilities	191	1,200	800	0	2,191
Other, net	0	48	1,628	0	1,676
	7,537	39,625	1,020	(17,829)	30,353
Cash Flows Provided (Used) by Investing Activities					
Purchases of capital assets	(13)	(5,136)	(8,971)	0	(14,120)
Proceeds from sale of capital assets	0	59	2	0	61
Acquisitions, net of cash acquired	0	(360)	(408)	0	(768)
	(13)	(5,437)	(9,377)	0	(14,827)

(In thousands)

	00000000000	00000000000	00000000000	00000000000	00000000000
`	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Cash Flows Provided (Used) by Financing Activities					
Proceeds provided by stock issuance under employee stock plans	1,167	0	0	0	1,167
Excess tax benefits from stock options exercised	199	0	0	0	199
Net change in credit facilities	0	0	(4,442)	0	(4,442)
Repayment of long-term debt	(162)	(118)	102	0	(178)
Net change in intercompany financing	13,019	(34,619)	3,771	17,829	0
	14,223	(34,737)	(569)	17,829	(3,254)
Effect of foreign exchange rates on cash and cash equivalents	0	132	(2,148)	0	(2,016)
Net increase (decrease) in cash and cash equivalents	21,747	(417)	(11,074)	0	10,256
Cash and cash equivalents beginning of year	47,907	4,621	124,266	0	176,794
Cash and cash equivalents end of year	$ 69,654	$ 4,204	$ 113,192	$ 0	$ 187,050

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

Overview

We operate our businesses in three segments: Avionics & Controls, Sensors & Systems and Advanced Materials. Our segments are structured around our technical capabilities.

The Avionics & Controls segment includes avionics systems, control systems, interface technologies and communication systems capabilities. Avionics systems designs and develops cockpit systems integration and avionics solutions for commercial and military applications. Control systems designs and manufactures technology interface systems for military and commercial aircraft and land- and sea-based military vehicles. Interface technologies manufactures and develops custom control panels, input systems for medical, industrial, military and casino gaming industries. Communication systems designs and manufactures military audio and data products for severe battlefield environments. In addition, communication systems designs and manufactures communication control systems to enhance security and aural clarity in military applications and embedded intercept receivers for signal intelligence applications.

The Sensors & Systems segment includes power systems and advanced sensors capabilities. Power systems develops and manufactures electrical power switching and other related systems, principally for aerospace and defense customers. Advanced sensors develops and manufactures high precision temperature and pressure sensors for aerospace and defense customers.

The Advanced Materials segment includes engineered materials and defense technologies capabilities. Engineered materials develops and manufactures thermally engineered components and high-performance elastomer products used in a wide range of commercial aerospace and military applications. Defense technologies develops and manufactures combustible ordnance components and warfare countermeasure devices for military customers. Sales in all segments include domestic, international, defense and commercial customers.

Our current business and strategic plan focuses on the continued development of our products principally for aerospace and defense markets. We are concentrating our efforts to expand our capabilities in these markets and anticipate the global needs of our customers and respond to such needs with comprehensive solutions. These efforts focus on continuous research and new product development, acquisitions and strategic realignments of operations to expand our capabilities as a more comprehensive supplier to our customers across our entire product offering.

On December 30, 2010, the Company acquired all of the outstanding capital stock of Eclipse Electronic Systems, Inc. (Eclipse). Eclipse is a designer and manufacturer of embedded communications intercept receivers for signal intelligence applications. Eclipse is included in our Avionics & Controls segment.

On September 8, 2010, we sold Pressure Systems, Inc., which was included in the Sensors & Systems segment. The results of Pressure Systems, Inc. were accounted for as a discontinued operation in the consolidated financial statements.

Income from continuing operations was $30.0 million, or $0.97 per diluted share, compared with $12.4 million, or $0.41 per diluted share, in the prior-year period. During the first fiscal quarter of 2011, our operating results benefited from solid earnings across all our segments due mainly to strong sales volumes and gross margin. Segment earnings (excluding corporate expense) as a percent of sales increased to 15.4% in the first fiscal quarter of 2011 compared to 9.8% in the prior-year period. Avionics & Controls led all segments with an $11.6 million increase in segment earnings, followed by Advanced Materials and Sensors & Systems, each with about a $6.5 million increase in segment earnings over the prior-year period. Income from continuing operations also benefited from a decrease in the income tax rate to 20.3% from 26.9% in the prior-year period, reflecting the retroactive extension of the U.S. federal research and experimentation tax credits. Income from discontinued operations was $8,000 in the first fiscal quarter of 2011 compared with $340,000 or $0.01 per diluted share in the prior-year period.

Net income was $30.0 million, or $0.97 per diluted share, compared with net income of $12.7 million, or $0.42 per diluted share, in the prior-year period.

Results of Operations

Three Month Period Ended January 28, 2011, Compared with Three Month Period Ended January 29, 2010

Sales for the first fiscal quarter increased 10.6% when compared with the prior-year period. Sales by segment were as follows:

(In thousands)

	0000000000000	0000000000000		0000000000000	
	Incr./(Decr.) from prior year period	Three Months Ended			
		January 28, 2011		January 29, 2010	
Avionics & Controls	13.0%	$	192,467	$	170,257
Sensors & Systems	9.0%		77,055		70,692
Advanced Materials	7.3%		101,277		94,361
Total Net Sales		$	370,799	$	335,310

The 13.0% increase in sales of Avionics & Controls reflected increased sales volumes of avionics systems of $14.0 million, control systems of $4.4 million, and communication systems and interface technologies of approximately $3.8 million. The increase in avionics systems was principally due to strong cockpit integration and aviation products sales volumes. The increase in communication systems mainly reflected the acquisition of Eclipse on December 30, 2010. The increase in control systems was principally due to strong aftermarket demand for commercial aviation applications. The increase in interface technologies mainly reflected strong sales of input devices for medical and industrial commercial applications, partially offset by weaker demand for casino gaming applications.

The 9.0% increase in sales of Sensors & Systems reflected increased sales volume of advanced sensors of $4.3 million and power systems of $2.1 million. The increase in advanced sensors sales mainly reflected higher OEM sales of pressure sensors and strong aftermarket demand. The increase in power systems mainly reflected higher retrofit sales for commercial aviation. Sales in the first fiscal quarter of 2011 reflected a weaker pound sterling and euro relative to the U.S. dollar. The average exchange rate from the pound sterling to the U.S. dollar decreased from 1.62 in the first fiscal quarter of 2010 to 1.57 in the first fiscal quarter of 2011. The average exchange rate from the euro to the U.S. dollar decreased from 1.46 in the first fiscal quarter of 2010 to 1.34 in the first fiscal quarter of 2011.

The 7.3% increase in sales of Advanced Materials reflected decreased sales volumes of defense technologies of $2.1 million and increased sales volumes of engineered materials of $8.4 million. The decrease in defense technologies mainly reflected lower sales of flare countermeasures due to reduced demand and delayed shipments, partially offset by higher sales volumes of combustible ordnance. The increase in engineered materials primarily reflected strong demand for elastomer and insulation materials.

Overall, gross margin was 35.6% and 30.6% for the first fiscal quarter of 2011 and 2010, respectively. Gross profit was $132.1 million and $102.7 million for the first fiscal quarter of 2011 and 2010, respectively.

Avionics & Controls segment gross margin was 38.8% and 33.2% for the first fiscal quarter of 2011 and 2010, respectively. Segment gross profit was $74.6 million compared to $56.5 million in the prior-year period. Nearly 80% of the increase in segment gross profit was due to strong sales volume and improved gross margin on avionics systems reflecting increased sales volumes of cockpit integrations for the T-6B military trainer as well as aviation products. The remaining 20% increase in segment gross profit mainly reflected strong aftermarket sales of communication systems and control systems.

Sensors & Systems segment gross margin was 35.5% and 31.8% for the first fiscal quarter of 2011 and 2010, respectively. Segment gross profit was $27.4 million compared to $22.5 million in the prior-year period. The increase in gross profit mainly reflected strong demand for advanced sensors for the aftermarket as well as new OEM requirements. The increase in gross profit for advanced sensors was partially offset by a modest decline in gross profit for power systems principally due to product mix.

Advanced Materials segment gross margin was 29.7% compared to 25.1% for the same period one year ago. Segment gross profit was $30.1 million compared to $23.7 million in the prior-year period. Approximately 64% of the increase in segment gross profit was due to an increase in engineered materials and the balance was due to defense technologies. The increase in gross profit on engineered materials was due to higher sales volumes of elastomer and insulation materials. The increase in gross profit on defense technologies reflected strong demand and increased prices for combustible ordnance partially offset by lower demand and delayed shipments of flare countermeasures. Management expects that demand for countermeasures will be at reduced levels for the remainder of fiscal 2011.

Selling, general and administrative expenses (which include corporate expenses) totaled $66.1 million, or 17.8% of sales, and $61.3 million, or 18.3% of sales, for the first fiscal quarter of 2011 and 2010, respectively. The increase in selling, general and administrative expense principally reflected an increase of $2.7 million of corporate expense and a $3.0 million increase in selling, general and administrative expenses at our Avionics & Controls segment, partially offset by a $1.2 million decrease at our Advanced Materials segment. The increase in corporate expense mainly reflected higher incentive compensation expense of $1.6 million and increased charitable contributions of $0.3 million. The increase in selling, general and administrative expense at our Avionics & Controls segment principally reflected higher selling expenses and incentive compensation.

Research, development and engineering spending was $19.6 million, or 5.3% of sales, for the first fiscal quarter of 2011 compared with $16.7 million, or 5.0% of sales, for the first fiscal quarter of 2010. The increase in research, development and engineering spending principally reflects spending on avionics systems and control systems developments. Fiscal 2011 research, development and engineering spending is expected to be approximately 5.0% of sales.

Segment earnings (operating earnings excluding corporate expenses and other income or expense) for the first fiscal quarter of 2011 totaled $57.2 million, or 15.4% of sales, compared with $32.7 million, or 9.8% of sales, for the first fiscal quarter in 2010.

Avionics & Controls segment earnings were $31.0 million, or 16.1% of sales, in the first fiscal quarter of 2011 and $19.4 million, or 11.4% of sales, in the first fiscal quarter of 2010, mainly reflecting a $10.7 million increase in avionics systems. Avionics systems benefited from increased gross profit, partially offset by a $1.3 million increase in research, development and engineering and a $2.0 million increase in selling, general and administrative expense.

Sensors & Systems segment earnings were $11.0 million, or 14.2% of sales, for the first fiscal quarter of 2011 compared with $4.6 million, or 6.4% of sales, for the first fiscal quarter of 2010, principally reflecting an increase in advanced sensors gross profit.

Advanced Materials segment earnings were $15.3 million, or 15.1% of sales, for the first fiscal quarter of 2011 compared with $8.7 million, or 9.3% of sales, for the first fiscal quarter of 2010, primarily reflecting a $2.0 million increase in defense technologies and a $4.2 million increase in engineered materials. Defense technologies reflected a $3.4 million increase in combustible ordnance gross profit and a $1.4 million decrease in countermeasures gross profit. The increase in engineered materials mainly reflected increased gross profit for elastomer and insulation materials.

Interest expense for the first fiscal quarter of 2011 was $9.1 million compared with $8.0 million for the first fiscal quarter of 2010, reflecting higher borrowings during the first fiscal quarter of 2011 compared to the prior-year period.

The income tax rate was 20.3% compared with 26.9% for the first fiscal quarter of 2011 and 2010, respectively. In the first fiscal quarter of 2011, we recognized $1.4 million of discrete tax benefits due to the retroactive extension of the U.S. federal research and experimentation tax credit. In the first fiscal quarter of 2010 we recognized $0.3 million of discrete tax expenses mainly the result of a change in French tax laws. The income tax rate differed from the statutory rate in the first fiscal quarter of 2011 and 2010, as both years benefited from various tax credits and certain foreign interest expense deductions.

It is reasonably possible that within the next twelve months $5.9 million of tax benefits associated with research and development tax credits, capital and operating losses that are currently unrecognized could be recognized as a result of settlement of examinations and/or the expiration of a statute of limitations.

To the extent that sales are transacted in a currency other than the functional currency of the operating unit, we are subject to foreign currency fluctuation risk.

We use forward contracts to hedge our foreign currency exchange risk. To the extent that these hedges qualify under U.S. GAAP, the amount of gain or loss is deferred in Accumulated Other Comprehensive Income (AOCI) until the related sale occurs. Also, we are subject to foreign currency gains or losses from embedded derivatives on backlog denominated in a currency other than the functional currency of our operating companies or its customers. Gains and losses on forward contracts, embedded derivatives, and revaluation of assets and liabilities denominated in currency other than the functional currency of the Company for the first fiscal quarter of 2011 and 2010 are as follows:

(In thousands)

	0000000000000	0000000000000
	Three Months Ended	
	January 28, 2011	January 29, 2010
Forward foreign currency contracts gain	$ 86	$ 114
Forward foreign currency contracts reclassified from AOCI	2,668	1,998
Embedded derivatives gain (loss)	202	(425)
Revaluation of monetary assets/liabilities loss	(629)	(800)
Total	$ 2,327	$ 887

New orders for the first fiscal quarter of 2011 were $399.3 million compared with $338.0 million for the same period in 2010. Backlog was $1.1 billion at January 28, 2011, unchanged from the prior-year period and at the end of fiscal 2010.

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Liquidity and Capital Resources

Cash and cash equivalents at January 28, 2011, totaled $351.5 million, a decrease of $70.6 million from October 29, 2010. Net working capital decreased to $690.3 million at January 28, 2011, from $752.2 million at October 29, 2010. Sources and uses of cash flows from operating activities principally consisted of cash received from the sale of products and cash payments for material, labor and operating expenses. Cash flows provided by operating activities were $49.6 million and $30.4 million in the first fiscal quarter of 2011 and 2010, respectively. The increase principally reflected higher cash receipts and lower payments for interest, offset by higher payments for inventory.

Cash flows used by investing activities were $131.8 million and $14.8 million in the first fiscal quarter of 2011 and 2010, respectively. Cash flows used by investing activities in the first fiscal quarter of 2011 primarily reflected cash paid for acquisitions of $103.5 million and capital expenditures of $14.6 million. Cash flows used by investing activities in the first fiscal quarter of 2010 primarily reflected cash paid for capital expenditures.

Cash flows provided by financing activities were $11.4 million in the first fiscal quarter of 2011 and primarily reflected cash receipts for issuance of stock and government assistance payments. Cash flows used by financing activities were $3.3 million in the first fiscal quarter of 2010 and principally reflected cash payments on our credit facilities and long-term debt.

On December 30, 2010, the Company acquired all of the outstanding capital stock of Eclipse for approximately $120.0 million, plus the change in net assets from July 31, 2010, to the actual closing balance sheet. The $120.0 million purchase price also includes cash of $14.0 million in contingent consideration which was deposited in an escrow account and will be paid to the seller if certain performance objectives are met over a three-year period. The estimated fair value of the contingent consideration is $13.4 million. Eclipse is a designer and manufacturer of embedded communications intercept receivers for signal intelligence applications.

Capital expenditures, consisting of machinery, equipment and computers, are anticipated to be approximately $75.0 million during fiscal 2011, compared with $53.7 million expended in fiscal 2010. Capital expenditures for fiscal 2010 included $8.1 million under a capitalized lease obligation related to our newly constructed facility for an avionics controls operation and a facility expansion for an interface technologies facility.

Total debt at January 28, 2011, was $608.4 million and consisted of $250.0 million of Senior Notes due in 2020, $167.4 million of Senior Notes due in 2017, $118.8 million of the U.S. Term Loan, $44.3 million under capital lease obligations, and $27.9 million under our various foreign currency debt agreements and other debt agreements.

We believe cash on hand and funds generated from operations are adequate to service operating cash requirements and capital expenditures through the next twelve months.

Forward-Looking Statements

This quarterly report on Form 10-Q contains forward-looking statements. These statements relate to future events or our future financial performance. In some cases you can identify forward-looking statements by terminology such as anticipate, believe, continue, could, estimate expect, intend, may, might, plan, potential, predict, should or will or the negative of such terms or other comparable terminology statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risk factors set forth in Forward-Looking Statements and Risk Factors in our Annual Report on Form 10-K for the fiscal year ended October 29, 2010, that may cause our or the industry s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. You should not place undue reliance on these forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, performance or achievements. Given these risks and uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements included or incorporated by reference into this report are made only as of the date hereof. We do not undertake and specifically decline any obligation to update any such statements or to publicly announce the results of any revisions to any such statements to reflect future events or developments.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no significant changes in our exposure to market risk during the first three months of fiscal 2011. A discussion of our exposure to market risk is provided in the Company s Annual Report on Form 10-K for the fiscal year ended October 29, 2010.

Item 4. Controls and Procedures

Our principal executive and financial officers evaluated our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of January 28, 2011. Based upon that evaluation, they concluded as of January 28, 2011, that our disclosure controls and procedures were effective to ensure that information we are required to disclose in the reports that we file under the Exchange Act is recorded, processed, summarized and reported within time periods specified in Securities and Exchange Commission rules and forms. In addition, our principal executive and financial officers concluded as of January 28, 2011, that our disclosure controls and procedures are also effective to ensure that information required to be disclosed in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including to our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

During the time period covered by this report, there were no significant changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

From time to time we are involved in legal proceedings arising in the ordinary course of business. We believe that adequate reserves for these liabilities have been made and that there is no litigation pending that could have a material adverse effect on our results of operations and financial condition.

Item 6. Exhibits

10.1	Esterline Technologies Corporation Fiscal Year 2011 Annual Incentive Compensation Plan.
10.2	Esterline Technologies Corporation Long-Term Incentive Plan.
10.3	Stock Purchase Agreement By and Among Eclipse Electronic Systems, Inc., Its Shareholders, and Esterline Technologies Corporation dated as of December 28, 2010.
11	Schedule setting forth computation of basic and diluted earnings per common share for the three month periods ended January 28, 2011, and January 29, 2010.
31.1	Certification of Chief Executive Officer.
31.2	Certification of Chief Financial Officer.
32.1	Certification (of R. Bradley Lawrence) pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification (of Robert D. George) pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.XML	XBRL Instance Document
101.XSD	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ESTERLINE TECHNOLOGIES CORPORATION
(Registrant)

Dated: March 4, 2011

By: /s/ Robert D. George
Robert D. George
Vice President, Chief Financial Officer,

Secretary and Treasurer

(Principal Financial Officer)