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CIRCOR International, Inc.
Letter to Shareholders 2012

To Our Shareholders:

CIRCOR's solid performance in 2012 reflects our commitment to drive improved operating results and margin expansion as we grow top-line results. We increased revenues 3% to $846 million, increased adjusted segment operating margin 160 basis points to 11.1%, improved adjusted EPS 22% to $2.59, and generated $60.5 million in cash from operations.

We made progress in 2012 on the execution of our strategy in our Energy, Flow Technologies and Aerospace operating segments, which serve the very attractive long-term global markets of oil and gas, power generation, critical process applications and aerospace.

The key tenets of our margin expansion and growth strategy include:

- Improving our operational capability with Lean and operational excellence to meet customer delivery and quality requirements at competitive prices and margins;
- Establishing an optimum manufacturing footprint through repositioning and expanding supply chain capability to service our global customers and improve margins;
- Enhancing our sales and marketing capability to further penetrate global markets;
- Pursuing accretive, synergistic acquisitions that broaden our product portfolio and expand our market presence; and
- Attracting and developing talent to more aggressively execute the strategy.

In Energy, we are capitalizing on the long-term demand in the global upstream and midstream oil and gas markets, as well as the need for advanced valve products for critical offshore and on-shore applications. We are using our close customer relationships to develop new high-performance products to better address their needs. At the same time, we are evaluating strategic acquisitions that expand our global presence and extend our product portfolio. As we broaden our product suite, we also are expanding our sales channels, marketing infrastructure and supply chain in the Middle East, Asia and South America – areas where we see excellent opportunities to increase CIRCOR's presence.

During the year, we used the margin enhancement blueprint of Lean processes that was successful with our short-cycle energy business to improve the execution and profitability of our large international projects business. We were highly successful in increasing margins in that business during the year and we are now using that same concept as part of our repositioning efforts to improve the margin profile of our Brazil business. In late 2012, we shifted non-core manufacturing in Brazil to low-cost regions and exited some non-strategic product lines.

In Flow Technologies, we are providing highly engineered and integrated systems and solutions that satisfy complex, severe service steam applications in Power Generation and Process Power. The largest opportunities we see in the coming years are primarily in oil and gas, critical industrial process needs, and in the growing worldwide power generation market. To capitalize on the growth in these areas, we are enhancing our engineering, manufacturing, sourcing and sales capabilities. Domestically, we are focused on expanding sales to the power generation aftermarket by offering shorter lead-times than the competition and new, differentiated products.

During the year we reached a major milestone in the execution of our strategy at Flow Technologies by opening a new state-of-the art facility in India to provide low-cost sourcing, manufacturing and engineering services to our global business units. This new campus in Coimbatore combines three former India-based facilities under one roof.

In Aerospace, we are capitalizing on near- and long-term commercial market growth by partnering with key Tier 1 integrators to assist with engineering and manufacturing capacity constraints. We have been winning aerospace actuation and control business on large long-term platforms, such as the Airbus A350 and the Sikorsky Blackhawk helicopter, and we are continuing to pursue additional programs.

As we position the segment to capitalize on top-line growth opportunities, we are keenly aware of the need to maximize profitability. To enhance our margins in Aerospace, we are streamlining our new product development cycles, as well as continuing to look at ways to use repositioning actions to improve our global cost structure. For example, in 2012 we began consolidating two of our California landing-gear facilities and exiting some small non-strategic product lines.
In summary, we have a clear vision for the future and we are executing our strategy that we believe will generate long-term profitable growth. We made significant progress on that strategy in 2012 and look forward to further building on those accomplishments in 2013.

During the year we welcomed Norm Johnson to our Board of Directors. Norm has extensive business and industry knowledge, particularly in oil and gas, and we look forward to his continued contributions.

In closing, we would like to thank our worldwide team for their commitment and dedication and to our shareholders for your continued loyalty and confidence in the Company. We look forward to another year of growth and improved profitability.

Wayne F. Robbins
Executive Vice President and Chief Operating Officer,
Acting President and Chief Executive Officer

Frederic M. Burditt
Vice President, Chief Financial Officer

* Please see CIRCOR's fourth quarter and full year 2012 financial results news release on the "Investors" page of the Company's website at www.CIRCOR.com for a reconciliation of adjusted segment operating margins and adjusted EPS to the comparable GAAP financial metrics.