Press Release



CIRCOR Reports First-Quarter 2014 Financial Results

Burlington, MA – April 22, 2014 – CIRCOR International, Inc. (NYSE: CIR), a leading provider of valves and other highly engineered products for markets including oil & gas, power generation and aerospace & defense, today announced financial results for the first quarter ended March 30, 2014.

First-Quarter 2014 Highlights

- Revenue grew 3%
- Adjusted operating margin increased 230 basis points to 9.4%
- Adjusted EPS grew 50% to \$0.78 (including \$0.03 from foreign currency)
- Free cash flow was \$14.4 million, 98% of net income
- Announcing growth investment funded by restructuring G&A

"CIRCOR began 2014 with strong first-quarter operating results," said <u>Scott Buckhout</u>, CIRCOR President and Chief Executive Officer. "Our margin expansion initiatives continued to gain traction with adjusted operating margins up year-over-year by 230 basis points to 9.4%. Margins improved across most of our businesses. We had strong sales growth in our upstream markets, particularly in our large international projects business and our instrumentation and sampling business."

"Q1 order intake was down over last year primarily due to orders from our project businesses, which can vary significantly from quarter to quarter. We remain bullish on our energy end markets and expect solid order intake for the full year," said Buckhout.

"Today we are announcing an investment program to accelerate organic growth. We intend to invest approximately \$7 million to increase the size our sales force in growing markets, open international sales offices in Brazil and Malaysia, and increase our investment in new products. These actions will be entirely funded with a reduction in G&A expenses and the closure of three small facilities," concluded Buckhout.

Second-Quarter 2014 Guidance

For the second quarter of 2014, the Company expects:

- Revenues in the range of \$220 million to \$230 million;
- Adjusted earnings per share, excluding special charges, in the range of \$0.88 to \$0.94; and,
- Restructuring related costs of approximately \$5 million to \$6 million.

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Selected Consolidated Results

(In millions, except percents and bps)	Ç	Q1 2014		21 2013	Change
Revenue	\$	211.2	\$	205.4	3%
Adjusted Operating Income	\$	19.8	\$	14.5	36%
Adjusted Operating Margin		9.4%		7.1%	230 bps
Adjusted Earnings Per Share (Diluted)	\$	0.78	\$	0.52	50%
Orders	\$	199.9	\$	226.8	(12)%
Backlog	\$	448.3	\$	457.3	(2)%
Free Cash Flow	\$	14.4	\$	1.1	-

Note: These amounts exclude special recoveries and charges. Refer to reconciliation to commonly used US GAAP terms.

Segment Results

(In millions, except percents and bps)	Q1 2014		1 2014 Q1 2013		Change
Energy					
Revenue	\$	162.6	\$	157.1	3%
Adjusted Operating Margin		13.8%		10.8%	300 bps
Orders	\$	159.5	\$	173.5	(8)%
Backlog	\$	283.1	\$	274.4	3%
Aerospace & Defense					
Revenue	\$	48.6	\$	48.3	1%
Adjusted Operating Margin		9.1%		5.9%	320 bps
Orders	\$	40.4	\$	53.3	(24)%
Backlog	\$	165.2	\$	182.9	(10)%
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Note: These amounts exclude special recoveries and charges. Refer to reconciliation to commonly used US GAAP terms.

Conference Call Information

CIRCOR International will hold a conference call to review its financial results today, April 22, 2014, at 10:00 a.m. ET. To listen to the conference call and view the accompanying presentation slides, visit "Webcasts & Presentations" in the "Investors" section of the CIRCOR website. The call also can be accessed by dialing (877) 407-5790 or (201) 689-8328. The webcast will be archived for one year on the Company's website.

Use of Non-GAAP Financial Measures

Adjusted net income, adjusted earnings per diluted share, adjusted operating income, adjusted operating margin, and free cash flow are non-GAAP financial measures and are intended to serve as a complement to results provided in accordance with accounting principles generally accepted in the United States. CIRCOR believes that such information provides an additional measurement

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and consistent historical comparison of the Company's performance. A reconciliation of the non-GAAP financial measures to the most directly comparable GAAP measures is available in this news release.

Safe Harbor Statement

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Reliance should not be placed on forward-looking statements because they involve unknown risks, uncertainties and other factors, which are, in some cases, beyond the control of CIRCOR. Any statements in this press release that are not statements of historical fact are forwardlooking statements, including, but not limited to, those relating to CIRCOR's future performance, including second-quarter revenue and earnings guidance and estimated total annualized pre-tax savings from restructuring actions. Actual events, performance or results could differ materially from the anticipated events, performance or results expressed or implied by such forward-looking statements. BEFORE MAKING ANY INVESTMENT DECISIONS REGARDING OUR COMPANY, WE STRONGLY ADVISE YOU TO READ THE SECTION ENTITLED "RISK FACTORS" IN OUR MOST RECENT ANNUAL REPORT ON FORM 10-K AND SUBSEQUENT REPORTS ON FORMS 10-Q, WHICH CAN BE ACCESSED UNDER THE "INVESTORS" LINK OF OUR WEBSITE AT WWW.CIRCOR.COM. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

About CIRCOR International, Inc.

CIRCOR International, Inc. designs, manufactures and markets highly engineered products and sub-systems for markets including oil & gas, power generation and aerospace & defense. With more than 7,000 customers in over 100 countries, CIRCOR has a diversified product portfolio with recognized, market-leading brands that fulfill its customers' unique application needs. The Company's strategy is to grow organically and through complementary acquisitions; simplify CIRCOR's operations; achieve world class operational excellence; and attract and retain top industry talent. For more information, visit the Company's investor relations website at http://investors.circor.com.

Contact:

Rajeev Bhalla Executive Vice President & Chief Financial Officer CIRCOR International (781) 270-1200

CIRCOR INTERNATIONAL, INC. CONSOLIDATED STATEMENT OF INCOME

(in thousands, except share data) UNAUDITED

	Three Mo	nths Ended				
	March 30, 2014	March 31, 2013				
Net revenues	\$ 211,186	\$ 205,398				
Cost of revenues	146,548	145,549				
GROSS PROFIT	64,638	59,849				
Selling, general and administrative expenses	44,888	45,571				
Special (recoveries) charges, net	(1,157)	1,378				
OPERATING INCOME	20,907	12,900				
Other (income) expense:						
Interest expense, net	918	787				
Other (income) expense, net	(468)	612				
TOTAL OTHER EXPENSE, NET	450	1,399				
INCOME BEFORE INCOME TAXES	20,457	11,501				
Provision for income taxes	5,825	3,592				
NET INCOME	\$ 14,632	\$ 7,908				
Earnings per common share:						
Basic	\$ 0.83	\$ 0.45				
Diluted	\$ 0.82	\$ 0.45				
Weighted average number of common shares outstanding:						
Basic	17,620	17,511				
Diluted	17,741	17,529				
Dividends paid per common share	\$ 0.0375	\$ 0.0375				

CIRCOR INTERNATIONAL, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands) (UNAUDITED)

Note income \$ 14,632 \$ 7,900 Adjustments to reconcile net income to net cash provided by operating activities: 4,069 4,000 Depreciation 4,069 4,000 Amortization 786 758 Compensation expense of share-based plans 1,830 1,020 Tax effect of share-based plan compensation (571) (288 (Gain) loss on disposal of property, plant and equipment 34 (66 Changes in operating assets and liabilities: 323 (6,461 Inventories, net 234 (6,461 Prepaid expenses and other assets (859) (822 Accounts payable, accrued expenses and other liabilities 6,884 2,198 Net cash provided by operating activities 17,057 5,807 INVESTING ACTIVITIES 2,670 (4,700 Proceeds from the sale of property, plant and equipment 2,657 (4,632 Proceeds from the sale of property, plant and equipment 48,029 33,598 Proceeds from the sale of property, plant and equipment 48,029 33,598 Proceeds from the sale of property, plant and equipment			Three Months				
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Depreciation 4,069 4,000 Amortization 786 758 Compensation expense of share-based plans 1,830 1,028 Tax effect of share-based plan compensation (671) (28 (Gain) loss on disposal of property, plant and equipment 34 (66 Changes in operating assets and liabilities: Trade accounts receivable, net (9,952) (2,455 Inventories, net 234 (6,461 Prepaid expenses and other assets (859) (827 Accounts payable, accrued expenses and other liabilities 6,854 2,198 Net cash provided by operating activities 17,057 5,807 INVESTING ACTIVITIES Additions to property, plant and equipment (2,670) (4,707 Proceeds from the sale of property, plant and equipment 48,029 33,598 Proceeds from the sale of property, plant and equipment 48,029 33,598 Payments of long-term debt 48,029 33,598 Payments of long-term debt 48,029 33,598 Payments of long-term debt 48,029 3,369 Proceeds from the exer	Net income	\$	14,632	\$	7,908		
Amortization 786 755 Compensation expense of share-based plans 1,830 1,028 Tax effect of share-based plan compensation (571) (285 (Gain) loss on disposal of property, plant and equipment 34 (66 Changes in operating assets and liabilities: Trade accounts receivable, net (9,952) (2,455 Inventories, net 234 (6,461 Prepaid expenses and other assets (859) (827 Accounts payable, accrued expenses and other liabilities 6,854 2,198 Net cash provided by operating activities 17,057 5,807 INVESTING ACTIVITIES Additions to property, plant and equipment (2,670) (4,707 Proceeds from the sale of property, plant and equipment 13 75 Net cash used in investing activities 48,029 33,598 Payments of long-term debt 48,029 33,598 Payments of long-term debt 48,029 33,598 Payments of long-term debt 41,781 (3,655 Dividends paid (670 (670 Proceeds from the exer	Adjustments to reconcile net income to net cash provided by operating activities:						
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Changes in operating assets and liabilities: Trade accounts receivable, net (9,952) (2,455) Inventories, net 234 (6,461) Prepaid expenses and other assets (859) (827) Accounts payable, accrued expenses and other liabilities 6,854 2,198 Net cash provided by operating activities 17,057 5,807 INVESTING ACTIVITIES 3 75 Net cash used in investing activities (2,670) (4,707) Proceeds from the sale of property, plant and equipment 13 75 Net cash used in investing activities (2,657) (4,632) FINANCING ACTIVITIES 7 7 Proceeds from long-term debt 48,029 33,598 Payments of long-term debt 48,029 33,598 Payments of long-term debt (41,781) (37,655) Dividends paid (670) (670) Proceeds from the exercise of stock options 192 1,366 Tax effect of share-based compensation 571 28 Net cash (used in) provided by financing activities 6,341	Tax effect of share-based plan compensation		(571)		(285)		
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Accounts payable, accrued expenses and other liabilities 6,854 2,198 Net cash provided by operating activities 17,057 5,807 INVESTING ACTIVITIES Additions to property, plant and equipment (2,670) (4,707) Proceeds from the sale of property, plant and equipment 13 75 Net cash used in investing activities (2,657) (4,632) FINANCING ACTIVITIES Proceeds from long-term debt 48,029 33,598 Payments of long-term debt (41,781) (37,655) Dividends paid (670) (670) Proceeds from the exercise of stock options 192 1,368 Tax effect of share-based compensation 571 288 Net cash (used in) provided by financing activities (824) (2,207) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 19,917 (4,106) Cash and cash equivalents at beginning of year 102,180 61,738 CASH AND CASH EQUIVALENTS AT END OF PERIOD \$122,097 \$7,632 Cash paid during the year for: Income taxes \$2,913 \$1,462	Inventories, net		234		(6,461)		
Net cash provided by operating activities 17,057 5,807 INVESTING ACTIVITIES Additions to property, plant and equipment (2,670) (4,707) Proceeds from the sale of property, plant and equipment 13 72 Net cash used in investing activities (2,657) (4,632) FINANCING ACTIVITIES *** *** Proceeds from long-term debt 48,029 33,598 Payments of long-term debt (41,781) (37,652) Dividends paid (670) (670) Proceeds from the exercise of stock options 192 1,360 Tax effect of share-based compensation 571 283 Net cash (used in) provided by financing activities 6,341 (3,07) Effect of exchange rate changes on cash and cash equivalents (824) (2,207) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 19,917 (4,100) Cash and cash equivalents at beginning of year 102,180 61,738 CASH AND CASH EQUIVALENTS AT END OF PERIOD \$ 122,097 \$ 7,632 Cash paid during the year for: Income taxes \$ 2,913 \$ 1,462 <	Prepaid expenses and other assets		(859)		(827)		
INVESTING ACTIVITIES	Accounts payable, accrued expenses and other liabilities		6,854		2,198		
Additions to property, plant and equipment (2,670) (4,707) Proceeds from the sale of property, plant and equipment 13 75 Net cash used in investing activities (2,657) (4,632) FINANCING ACTIVITIES Proceeds from long-term debt 48,029 33,598 Payments of long-term debt (41,781) (37,655) Dividends paid (670) (670) Proceeds from the exercise of stock options 192 1,368 Tax effect of share-based compensation 571 285 Net cash (used in) provided by financing activities 6,341 (3,074) Effect of exchange rate changes on cash and cash equivalents (824) (2,207) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 19,917 (4,106) Cash and cash equivalents at beginning of year 102,180 61,738 CASH AND CASH EQUIVALENTS AT END OF PERIOD \$ 122,097 \$ 57,632 Cash paid during the year for: 11,462 Income taxes \$ 2,913 \$ 1,462	Net cash provided by operating activities		17,057		5,807		
Proceeds from the sale of property, plant and equipment 13 75 Net cash used in investing activities (2,657) (4,632) FINANCING ACTIVITIES Proceeds from long-term debt 48,029 33,598 Payments of long-term debt (41,781) (37,655) Dividends paid (670) (670) Proceeds from the exercise of stock options 192 1,368 Tax effect of share-based compensation 571 285 Net cash (used in) provided by financing activities 6,341 (3,074) Effect of exchange rate changes on cash and cash equivalents (824) (2,207) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 19,917 (4,106) Cash and cash equivalents at beginning of year 102,180 61,733 CASH AND CASH EQUIVALENTS AT END OF PERIOD \$ 122,097 \$ 57,632 Cash paid during the year for: Income taxes \$ 2,913 \$ 1,462	INVESTING ACTIVITIES						
Net cash used in investing activities (2,657) (4,632) FINANCING ACTIVITIES Proceeds from long-term debt 48,029 33,598 Payments of long-term debt (41,781) (37,655 Dividends paid (670) (670 Proceeds from the exercise of stock options 192 1,368 Tax effect of share-based compensation 571 285 Net cash (used in) provided by financing activities 6,341 (3,074 Effect of exchange rate changes on cash and cash equivalents (824) (2,207 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 19,917 (4,106 Cash and cash equivalents at beginning of year 102,180 61,738 CASH AND CASH EQUIVALENTS AT END OF PERIOD \$ 122,097 \$ 57,632 Cash paid during the year for: 11,000 \$ 2,913 \$ 1,462	Additions to property, plant and equipment		(2,670)		(4,707)		
FINANCING ACTIVITIES Proceeds from long-term debt 48,029 33,598 Payments of long-term debt (41,781) (37,655 Dividends paid (670) (670 Proceeds from the exercise of stock options 192 1,368 Tax effect of share-based compensation 571 285 Net cash (used in) provided by financing activities 6,341 (3,072 Effect of exchange rate changes on cash and cash equivalents (824) (2,207) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 19,917 (4,106) Cash and cash equivalents at beginning of year 102,180 61,738 CASH AND CASH EQUIVALENTS AT END OF PERIOD \$ 122,097 \$ 57,632 Cash paid during the year for: Income taxes \$ 2,913 \$ 1,462	Proceeds from the sale of property, plant and equipment		13		75		
Proceeds from long-term debt 48,029 33,598 Payments of long-term debt (41,781) (37,655 Dividends paid (670) (670 Proceeds from the exercise of stock options 192 1,368 Tax effect of share-based compensation 571 285 Net cash (used in) provided by financing activities 6,341 (3,074 Effect of exchange rate changes on cash and cash equivalents (824) (2,207 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 19,917 (4,106 Cash and cash equivalents at beginning of year 102,180 61,738 CASH AND CASH EQUIVALENTS AT END OF PERIOD \$ 122,097 \$ 57,632 Cash paid during the year for: \$ 2,913 \$ 1,462	Net cash used in investing activities		(2,657)		(4,632)		
Payments of long-term debt (41,781) (37,655 Dividends paid (670) (670 Proceeds from the exercise of stock options Tax effect of share-based compensation 571 285 Net cash (used in) provided by financing activities 6,341 (3,074 Effect of exchange rate changes on cash and cash equivalents (824) (2,2075) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 19,917 (4,1065) Cash and cash equivalents at beginning of year 102,180 61,738 CASH AND CASH EQUIVALENTS AT END OF PERIOD \$ 122,097 \$ 57,632 Cash paid during the year for: Income taxes \$ 2,913 \$ 1,462	FINANCING ACTIVITIES						
Dividends paid (670) (670) Proceeds from the exercise of stock options 192 1,368 Tax effect of share-based compensation 571 283 Net cash (used in) provided by financing activities 6,341 (3,074) Effect of exchange rate changes on cash and cash equivalents (824) (2,207) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 19,917 (4,106) Cash and cash equivalents at beginning of year 102,180 61,738 CASH AND CASH EQUIVALENTS AT END OF PERIOD \$122,097 \$57,632 Cash paid during the year for: Income taxes \$2,913 \$ 1,462	Proceeds from long-term debt		48,029		33,598		
Proceeds from the exercise of stock options Tax effect of share-based compensation Net cash (used in) provided by financing activities Effect of exchange rate changes on cash and cash equivalents INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS Cash and cash equivalents at beginning of year CASH AND CASH EQUIVALENTS AT END OF PERIOD Cash paid during the year for: Income taxes 192 1,368 6,341 (3,074 (4,106) 19,917 (4,106) 61,738 CASH AND CASH EQUIVALENTS AT END OF PERIOD \$ 122,097 \$ 57,632	Payments of long-term debt		(41,781)		(37,655)		
Tax effect of share-based compensation 571 285 Net cash (used in) provided by financing activities 6,341 (3,072 Effect of exchange rate changes on cash and cash equivalents (824) (2,207) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 19,917 (4,106) Cash and cash equivalents at beginning of year 102,180 61,738 CASH AND CASH EQUIVALENTS AT END OF PERIOD \$ 122,097 \$ 57,632 Cash paid during the year for: Income taxes \$ 2,913 \$ 1,462	Dividends paid		(670)		(670)		
Net cash (used in) provided by financing activities Effect of exchange rate changes on cash and cash equivalents INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS Cash and cash equivalents at beginning of year CASH AND CASH EQUIVALENTS AT END OF PERIOD Cash paid during the year for: Income taxes Sasta Cash 2,913 \$ 1,462	Proceeds from the exercise of stock options		192		1,368		
Effect of exchange rate changes on cash and cash equivalents INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS Cash and cash equivalents at beginning of year CASH AND CASH EQUIVALENTS AT END OF PERIOD Cash paid during the year for: Income taxes (824) (2,207) (4,106) (5,207) (4,106) (6,207) (7,207) (7,207) (7,207) (7,207) (824) (9,207) (1,106) (9,207) (1,106) (1,207) (1,106) (1,207) (1,106) (1,207) (1,106) (2,207) (2,207) (3,106) (4,106)	Tax effect of share-based compensation		571		285		
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS Cash and cash equivalents at beginning of year CASH AND CASH EQUIVALENTS AT END OF PERIOD Cash paid during the year for: Income taxes 19,917 (4,106) 61,738 57,632 102,180 \$ 122,097 \$ 57,632	Net cash (used in) provided by financing activities		6,341		(3,074)		
Cash and cash equivalents at beginning of year 102,180 61,738 CASH AND CASH EQUIVALENTS AT END OF PERIOD \$ 122,097 \$ 57,632 Cash paid during the year for: Income taxes \$ 2,913 \$ 1,462	Effect of exchange rate changes on cash and cash equivalents		(824)		(2,207)		
CASH AND CASH EQUIVALENTS AT END OF PERIOD \$ 122,097 \$ 57,632 Cash paid during the year for: Income taxes \$ 2,913 \$ 1,462	INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		19,917		(4,106)		
Cash paid during the year for: Income taxes \$ 2,913 \$ 1,462	Cash and cash equivalents at beginning of year		102,180		61,738		
Income taxes \$ 2,913 \$ 1,462	CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$	122,097	\$	57,632		
Ψ =,> 10 Ψ 1,102	Cash paid during the year for:						
Interest \$ 677 \$ 655	Income taxes	\$	2,913	\$	1,462		
	Interest	\$	677	\$	655		

CIRCOR INTERNATIONAL, INC. CONSOLIDATED BALANCE SHEETS

(in thousands) UNAUDITED

	March 30, 2014		De	ecember 31, 2013
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$	122,097	\$	102,180
Short-term investments		92		95
Trade accounts receivable, less allowance for doubtful accounts of \$2,543 and \$2,449, respectively		154,821		144,742
Inventories, net		199,200		199,404
Prepaid expenses and other current assets		20,496		19,815
Deferred income tax asset		17,566		17,686
Total Current Assets		514,272		483,922
PROPERTY, PLANT AND EQUIPMENT, NET		106,455		107,724
OTHER ASSETS:				
Goodwill		75,999		75,876
Intangibles, net		34,924		35,656
Deferred income tax asset		17,167		18,579
Other assets		5,140		4,893
TOTAL ASSETS	\$	753,957	\$	726,650
LIABILITIES AND SHAREHOLDERS' EQUITY CURRENT LIABILITIES:				
Accounts payable	\$	83,391	\$	70,589
Accrued expenses and other current liabilities		56,710		57,507
Accrued compensation and benefits		25,191		31,289
Income taxes payable		4,946		3,965
Notes payable and current portion of long-term debt		10,519		7,203
Total Current Liabilities		180,757		170,553
LONG-TERM DEBT, NET OF CURRENT PORTION		45,614		42,435
DEFERRED INCOME TAXES		9,217		9,666
OTHER NON-CURRENT LIABILITIES		25,768		27,109
CONTINGENCIES AND COMMITMENTS				
SHAREHOLDERS' EQUITY:				
Common stock		176		176
Additional paid-in capital		272,202		269,884
Retained earnings		217,045		202,930
Accumulated other comprehensive gain, net of taxes		3,178		3,897
Total Shareholders' Equity		492,601		476,887
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$	753,957	\$	726,650

CIRCOR INTERNATIONAL, INC. SUMMARY OF ORDERS AND BACKLOG

(in millions)

UNAUDITED

	Three Months Ended				
	 March 30, 2014	March 31, 2013			
ORDERS (1)					
Energy	\$ 159.5	\$ 173.5			
Aerospace & Defense	40.4	53.3			
Total orders	\$ 199.9	\$ 226.8			
BACKLOG (2)	 March 30, 2014	March 31, 2013			
Energy	\$ 283.1	\$ 274.4			
Aerospace & Defense	 165.2	182.9			
Total backlog	\$ 448.3	\$ 457.3			

Note 1: Orders do not include the foreign exchange impact due to the re-measurement of customer order backlog amounts denominated in foreign currencies.

Note 2: Backlog includes all unshipped customer orders.

CIRCOR INTERNATIONAL, INC. SUMMARY REPORT BY SEGMENT

(in thousands, except earnings per share) UNAUDITED

			2013			2014
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	TOTAL	1ST QTR
	\$ 157,104	\$ 173,557	\$ 167,660	\$ 162,649	\$ 660,970	\$ 162,587
efense	48,294	50,087	47,071	51,386	196,838	48,599
	\$ 205,398	\$ 223,644	\$ 214,731	\$ 214,035	\$ 857,808	\$ 211,186
TING MARGIN						
	10.8 9	6 13.3 %	15.2 %	6 17.1 %	14.1 %	6 13.8
	5.9 9	6 11.4 %	12.1 %	6 8.4 %	9.5 %	6 9.1
argin	9.6 9	6 12.9 %	14.5 %	6 15.0 %	13.0 %	6 12.7
s	(2.6)	% (2.9)%	(3.4) %	(3.5)%	$(3.1)^{\circ}$	6 (3.4
rgin	7.1 9	6 10.0 %	11.1 %	6 11.6 %	9.9 %	6 9.4
ry charges	0.1 9	(0.1)%	%	6 0.3 %	0.1 %	ю́ —
3	9	%	%	6 3.2 %	0.8 %	ю́ —
						/ /4.4
	9	6 <u> </u>	(1.5) %	%	$(0.4)^{\circ}$	6 (1.1
	9		(/		(01.7	`
nargin		6 1.0 %	1.4 %	6 2.4 %	1.4 %	6 0.5
5	0.7 9	6 1.0 %	1.4 %	6 2.4 %	1.4 %	6 0.5
	0.7 9	6 1.0 %	1.4 % 11.1 %	6 2.4 %	1.4 %	6 0.5 6 9.9
perating margin	6.3 9	6 1.0 % 6 9.1 %	2013	6 2.4 % 6 5.6 %	1.4 %	6 0.5 6 9.9 2014
perating margin	6.3 9	6 1.0 % 6 9.1 % 2ND QTR	2013	6 2.4 % 5.6 % 4TH QTR	1.4 %	0.5 6 9.9 2014 1ST QTI
operating margin RATING INCOME	0.7 9 6.3 9	6 1.0 % 6 9.1 % 2ND QTR	2013 3RD QTR	6 2.4 % 5.6 % 4TH QTR	1.4 % 8.1 % TOTAL	6 0.5 6 9.9 2014 1ST QTI
perating margin ATING INCOME ense	0.7 9 6.3 9 1ST QTR	1.0 % 6 9.1 % 2ND QTR \$ 23,114	2013 3RD QTR	6 2.4 % 6 5.6 % 4TH QTR \$ 27,809	1.4 % 8.1 % TOTAL \$ 93,304	0.5 6 9.9 2014 1ST QTI
operating margin RATING INCOME efense erating income	0.7 9 6.3 9 1ST QTR \$ 16,940 2,864	1.0 % 6 9.1 % 2ND QTR \$ 23,114 5,724	2013 3RD QTR \$ 25,441 5,705	4TH QTR \$ 27,809 4,342	TOTAL \$ 93,304 18,635	0.5 6 9.9 2014 1ST QTI \$ 22,462 4,426
AP operating margin PPERATING INCOME Defense Operating income Expenses	0.7 9 6.3 9 1ST QTR \$ 16,940 2,864 19,804	\$ 23,114 5,724 28,838	2013 3RD QTR \$ 25,441 5,705 31,146	4TH QTR \$ 27,809 4,342 32,151	TOTAL \$ 93,304 18,635 111,939	\$ 22,462 4,426 26,888
overies) rges AAP operating margin DPERATING INCOME & Defense operating income xpenses l operating income ng inventory charges	0.7 9 6.3 9 1ST QTR \$ 16,940 2,864 19,804 (5,277)	\$ 23,114 5,724 28,838 (6,570)	2013 3RD QTR \$ 25,441 5,705 31,146 (7,400)	4TH QTR \$ 27,809 4,342 32,151 (7,400)	TOTAL \$ 93,304 18,635 111,939 (26,646)	\$ 22,462 4,426 26,888 (7,133
PERATING INCOME Defense operating income penses operating income	0.7 9 6.3 9 1ST QTR \$ 16,940 2,864 19,804 (5,277) 14,528	\$ 23,114 5,724 28,838 (6,570) 22,268	2013 3RD QTR \$ 25,441 5,705 31,146 (7,400) 23,746	4TH QTR \$ 27,809 4,342 32,151 (7,400) 24,751	TOTAL \$ 93,304 18,635 111,939 (26,646) 85,293	\$ 22,46 4,42 26,88 (7,13

Special charges	1,378		2,254	2,9	61		5,160		11,752		1,086
Total GAAP operating income	12,900		20,256	23,9	936		12,081		69,174		20,907
INTEREST EXPENSE, NET	(787)		(838)	(7	45)		(792)		(3,162)		(918)
OTHER (EXPENSE) INCOME, NET	(612)		(626)	(4	68)		(167)		(1,974)		468
PRETAX INCOME	 11,501		18,792	22,6	523		11,122		64,038		20,457
PROVISION FOR INCOME TAXES	 (3,592)		(6,124)	(4,9	003)		(2,297)		(16,916)		(5,825)
EFFECTIVE TAX RATE	 31.2	%	32.6 %	2	1.7 %	%	20.7 9	%	26.4	%	28.5 %
NET INCOME	\$ 7,908	\$	12,668 \$	17,7	20	\$	8,825	\$	47,121	\$	14,632
Weighted Average Common Shares Outstanding (Diluted)	17,529		17,607	17,6	667		17,710		17,629		17,741
EARNINGS PER COMMON SHARE (Diluted)	\$ 0.45	\$	0.72 \$	1	.00	\$	0.50	\$	2.67	\$	0.82
ADJUSTED EBITDA	\$ 18,682	\$	26,419 \$	27,8	350	\$	29,441	\$	102,392	\$	27,387
ADJUSTED EBITDA AS A % OF SALES	9.1	%	11.8 %	1	3.0 %	6	13.8	%	11.9 9	%	13.0 %
CAPITAL EXPENDITURES	\$ 4,707	\$	4,100 \$	4,7	772	\$	3,749	\$	17,328	\$	2,670

CIRCOR INTERNATIONAL, INC.

RECONCILIATION OF KEY PERFORMANCE MEASURES TO COMMONLY USED GENERALLY ACCEPTED ACCOUNTING PRINCIPLE TERMS

(in thousands, except earnings per share)

UNAUDITED

2013

2014

	1ST QTI	2	2ND QTR		3RD QTR	4	TH QTR	TOTAL	1	IST QTR
FREE CASH FLOW AS % OF NET INCOME		%	75%		167%		167%			98%
FREE CASH FLOW	\$ 1,100	\$	9,525	\$	29,557	\$	14,696	\$ 54,878	\$	14,387
ADD:										
Capital Expenditures	4,707		4,100		4,772		3,749	17,328		2,670
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 5,807	\$	13,625	\$	34,329	\$	18,445	\$ 72,206	\$	17,057
NET DEBT (CASH)	\$ 8,814	\$	(1,376)	\$	(36,466)	\$ ((52,637)	\$ (52,637)	\$ ((66,056)
ADD:										
Cash & Cash Equivalents	57,633		60,831		86,285	1	02,180	102,180	1	22,097
Investments	99		96		98		95	95		92
TOTAL DEBT	\$ 66,546	\$	59,551	\$	49,917	\$	49,638	\$ 49,638	\$	56,133
DEBT AS % OF EQUITY	16	%	14%	6	11%	6	10%	6 10°	⁄o	11%
TOTAL DEBT	66,546		59,551		49,917		49,638	49,638		56,133
TOTAL SHAREHOLDERS' EQUITY	418,819		432,151		459,058	4	176,887	476,887	4	192,601
					2013				T	2014
	1ST QTI	2	2ND QTR		3RD QTR	4	TH QTR	TOTAL	1	IST QTR
ADJUSTED OPERATING INCOME	\$ 14,528	\$	22,268	\$	23,746	\$	24,751	\$ 85,293	\$	19,750
LESS:										
Inventory restructuring charges	250		(242)		_		638	646		_
Impairment charges	_		_		_		6,872	6,872		_
Special (recoveries)	_		_		(3,151)		_	(3,151)		(2,243)
Special charges	1,378		2,254		2,961		5,160	11,753		1,086
OPERATING INCOME	\$ 12,900	\$	20,256	\$	23,936	\$	12,081	\$ 69,173	\$	20,907
ADJUSTED NET INCOME	\$ 9,043	\$	14,044	\$	16,439	\$	16,773	\$ 56,299	\$	13,916
LESS:										
Inventory restructuring charges, net of tax	174		(165)		_		396	405		_
Impairment charges, net of tax	_		_		_		4,261	4,261		_
Special (recoveries), net of tax	_		_		(3,151)		_	(3,151)		(1,391)

Special charges, net of tax		961		1,541		1,870		3,291	7,663		675
NET INCOME	\$	7,908	\$	12,668	\$	17,720	\$	8,825	\$ 47,121	\$	14,632
ADJUSTED EARNINGS PER SHARE	\$	0.52	\$	0.81	\$	0.93	\$	0.95	\$ 3.21	\$	0.78
LESS:											
Inventory restructuring charges, net of tax		0.01		(0.01)		_		0.02	0.02		
Impairment charges, net of tax				_		_		0.24	0.24		_
Special (recoveries), net of tax						(0.18)			(0.18)		(0.08)
Special charges, net of tax		0.06		0.10		0.11		0.19	0.46		0.04
EARNINGS PER COMMON SHARE (Diluted)	\$	0.45	\$	0.72	\$	1.00	\$	0.50	\$ 2.67	\$	0.82
						2013				T	2014
	1	IST QTR	2	ND QTR	3	3RD QTR	4	4TH QTR	TOTAL		1ST QTR
EBITDA	\$	17,054	\$	24,407	\$	23,368	\$	11,914	\$ 86,272	\$	26,230
LESS:											
Interest expense, net		(787)		(838)		(745)		(792)	(3,162)		(918)
Depreciation		(4,009)		(4,026)		(3,908)		(4,091)	(16,034)		(4,069)
Amortization		(758)		(751)		(764)		(766)	(3,039)		(786)
Provision for income taxes		(3,592)		(6,124)		(4,903)		(2,297)	(16,916)		(5,825)
NET INCOME	\$	7,908	\$	12,668	\$	17,720	\$	8,825	\$ 47,121	\$	14,632
ADJUSTED EBITDA	\$	18,682	\$	26,419	\$	27,850	\$	29,441	\$102,392	\$	27,387
Inventory restructuring charges		(250)		242		_		(638)	(646)		_
Impairment charges								(6,872)	(6,872)		
Special (recoveries)		—		_		3,151		_	3,151		(2,243)
Special charges		(1,378)		(2,254)		(2,961)		(5,160)	(11,753)		1,086
Interest expense, net		(787)		(838)		(745)		(792)	(3,162)		(918)
Depreciation		(4,009)		(4,026)		(3,908)		(4,091)	(16,034)		(4,069)
Amortization		(758)		(751)		(764)		(766)	(3,039)		(786)
Provision for income taxes		(3,592)		(6,124)		(4,903)		(2,297)	(16,916)		(5,825)
NET INCOME	\$	7,908	\$	12,668	\$	17,720	\$	8,825	\$ 47,121	\$	14,632

CIRCOR INTERNATIONAL, INC. RECONCILIATION OF FUTURE PERFORMANCE MEASURES TO COMMONLY USED GENERALLY ACCEPTED ACCOUNTING PRINCIPLE TERMS UNAUDITED

		2nd Qua	rter	2014
		Low		High
REVENUE (in millions)	\$	220	\$	230
EXPECTED ADJUSTED EARNINGS PER SHARE (DILUTIVE)	\$	0.88	\$	0.94
LESS:				
Restructuring related charges	> ¢	0.25	ф	0.21
Special charges	•		Ф	
EXPECTED EARNINGS PER COMMON SHARE (Diluted)	\$	0.63	\$	0.73
Note: Assumes 26% - 27% tax rate and exchange rates at present values.	· ·			