



Fourth Quarter and Year End 2008 **Investor Review**

February 25, 2009

FORWARD LOOKING STATEMENT

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This presentation 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. 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 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.

Financial Results

USD, In Millions, except per share amounts

Unless otherwise noted, comments refer to quarter performance

	Q408	Δ yoy	FY08	Δ yoy
Net Revenues	\$202.0	+15.7%	\$793.8	+19.2%
Operating Loss	(\$116.6)	NM	(\$40.6)	NM
Net Loss	(\$110.1)	NM	(\$59.0)	NM
Adjusted Op. Income	\$26.1	+38.0%	\$109.1	+63.3%
*Adj. Op. Income Margin	12.9%	+210bp	13.7%	+370bp
Diluted EPS	(\$6.52)	NM	(\$3.51)	NM
*Adjusted EPS	\$1.12	+100.0%	\$4.13	+74.3%

◆ Revenues

- Organic 21%, Acq. 1%, FX negative 6%
- Organic growth from both segments
- Full year organic growth 16%, FX 3%

◆ Operating Income

- Includes non-cash goodwill and intangible impairment of \$141.3

◆ Adjusted Operating Income

- AOI up 50% excluding negative FX impact of 12%
- Full year 13.7% is record for CIRCOR

◆ EPS

- Adjusted EPS strong performance in both segments offset by non-cash goodwill impairment charge

***Adjusted operating income = Operating income excluding special and asbestos charges**

***Adjusted EPS= Diluted EPS excluding the impact of special charges, net of tax**

NM = Not Meaningful

Net Income / EPS

USD, In Millions, except per share amounts

	<u>Q408</u>	<u>Q407</u>	<u>FY08</u>	<u>FY07</u>
Segments' Operating income excluding special and asbestos charges*	\$ 32.1	\$ 24.4	\$ 129.7	\$ 84.6
Asbestos charges*	(1.4)	(3.6)	(8.3)	(7.5)
Special charges	(141.3)	0.9	(141.5)	(2.5)
Corporate expenses	(6.0)	(5.5)	(20.5)	(17.9)
Operating (loss) income	(116.6)	16.2	(40.6)	56.7
Net interest	0.1	(0.2)	0.2	(3.0)
Other (exp) income; i.e. FX	0.4	(0.1)	(0.3)	1.3
Income taxes	6.0	(5.8)	(18.3)	(17.1)
Net (loss) income	(110.1)	10.1	(59.0)	37.9
Diluted shares ('000's)	16,897	16,925	16,817	16,730
EPS	(\$6.52)	\$0.60	(\$3.51)	\$2.27

* Asbestos charges are attributable to the Instrum & TFC Segment's Leslie Controls subsidiary.

Cash Flow – Full Year

(In millions)	<u>FY 2008</u>	<u>FY 2007</u>
Net (Loss) Income	(\$59.0)	\$ 37.9
Depreciation	11.5	10.9
Amortization	2.6	2.6
Impairment charges	141.3	
Compensation expense of stock-based plans net of tax effect	1.2	2.1
Deferred Income taxes (benefit)	(15.8)	(3.6)
(Gain) loss on sale of assets, PP&E & affiliate	0.2	(2.9)
Working Capital	(17.2)	9.3
Other	<u>0.0</u>	<u>0.6</u>
Cash Flow from Operations	64.8	56.9
Capital Expenditures	(15.0)	(11.9)
Dividends	<u>(2.5)</u>	<u>(2.5)</u>
Free Cash Flow	<u><u>47.3</u></u>	<u><u>42.5</u></u>

Instrumentation & Thermal Fluids Segment

Unless otherwise noted, comments refer to quarter performance

USD, In Millions

	Q408	Δ yoy	FY08	Δ yoy
Orders	\$94.7	+2.0%	\$408.5	+11.3 %
Revenues	\$94.5	+3.3%	\$378.1	+10.0 %
Op. Loss	(\$132.2)	NM	(\$103.7)	NM
*Adj. Op. Income	\$10.6	-9.6%	\$45.9	-30.8%
Adj. Op. Income Margin	11.2%	-160 bp	12.1%	+190 bp

◆ Orders

- Strong growth in Aerospace orders partially offset by weaker orders at Thermal Fluids and Instrumentation groups
- Softening market conditions in HVAC, semiconductor and chemical markets

◆ Revenues

- 9% organic growth, 1% growth through acquisitions, partially offset by 7% adverse FX
- Solid organic contribution from all business units

◆ Operating Loss

- Q4 and FY OI includes \$141.3 non-cash charge for goodwill and intangible impairment

◆ Adj. Operating Income & Margin

- Solid adj. op. income margins diluted by expenses for acquisitions, facility consolidations and inventory write-offs

*Adjusted Operating Income = Operating Income, excluding special and asbestos charges

Energy Products Segment

Unless otherwise noted, comments refer to quarter performance

USD, In Millions

	Q408	Δ yoy	FY08	Δ yoy
Orders	\$48.3	-37.5%	\$333.8	-17.5%
Revenues	\$107.5	+29.0%	\$415.7	+29.0%
Op. Income	\$21.6	+70.1	\$83.8	+69.0%
*Adj. Op. Income	\$21.6	+70.1%	\$83.8	+69.0%
Adj. Op. Income Margin	20.1%	+480 bp	20.2%	+480 bp

◆ Orders

- Includes negative FX impact of 9%
- Short-cycle business was down as a result of lower rig count and related activities
- Although quoting activity continues, actual orders remained soft in project business

◆ Revenues

- Q4 strength across the board
- FX impact -5% Q4 and +6 FY08

◆ Adj. Operating Income & Margin

- Another exceptional quarter driven by project mix and volume, partially offset by material cost inflation and unfavorable China FX
- FY 2008 was a record year

*Adjusted Operating Income = Operating Income excluding special and asbestos charges

2009 Market Assumptions

❖ Large Middle East Energy Projects

- Current projects continuing, albeit sluggishly
- Future projects evaluated against new oil & natural gas pricing levels
- Quotation activity is relatively good

❖ North America Energy Short-Cycle

- Declining due to reduced drilling activity driven by lower oil & natural gas prices

❖ Aerospace

- Military business steady
- Downturn in OEM business jet segment
- Commercial OEM build plans holding through Q2
- Decreased commercial aftermarket spares but low exposure

❖ HVAC/Steam

- Major building construction projects delayed in North America

❖ Industrial Markets

- North America and Europe slow
- Opportunities in Latin America and Asia
- Significant downturn in Semiconductor projects

❖ Power Generation

- Some international projects delayed
- MRO activity steady

❖ Chemical & Refining

- Industrial gas industry weakening
- Global refining projects delayed
- Refining MRO steady

❖ Maritime

- Steady business due to recent Naval orders

❖ Process Industry

- New project activity will slow
- Maintenance business steady

Q & A Session

Fourth Quarter Earnings