

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended April 5, 2015.

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 001-14962

CIRCOR INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

04-3477276

(I.R.S. Employer
Identification No.)

c/o CIRCOR, Inc.

30 Corporate Drive, Suite 200, Burlington, MA

(Address of principal executive offices)

01803-4238

(Zip Code)

(781) 270-1200

(Registrant's telephone number, including area code)

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 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	<input checked="" type="radio"/>	Accelerated filer	<input type="radio"/>
Non-accelerated filer	<input type="radio"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="radio"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 24, 2015, there were 17,147,857 shares of the registrant's Common Stock, par value \$0.01 per share, outstanding.

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PART I. FINANCIAL INFORMATION.**ITEM 1. FINANCIAL STATEMENTS**

CIRCOR INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	April 5, 2015	December 31, 2014
	(Unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 103,883	\$ 121,286
Short-term investments	80	86
Trade accounts receivable, less allowance for doubtful accounts of \$9,122 and \$9,536, respectively	140,752	156,738
Inventories	194,624	183,434
Prepaid expenses and other current assets	21,731	21,626
Deferred income tax asset	22,184	22,861
Total Current Assets	483,254	506,031
PROPERTY, PLANT AND EQUIPMENT, NET	90,045	96,212
OTHER ASSETS:		
Goodwill	69,832	72,430
Intangibles, net	24,797	26,887
Deferred income tax asset	17,206	19,048
Other assets	3,557	4,114
TOTAL ASSETS	\$ 688,691	\$ 724,722
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 77,893	\$ 87,112
Accrued expenses and other current liabilities	53,443	65,223
Accrued compensation and benefits	18,166	24,728
Notes payable and current portion of long-term debt	8,481	8,423
Total Current Liabilities	157,983	185,486
LONG-TERM DEBT, NET OF CURRENT PORTION	29,065	5,261
DEFERRED INCOME TAXES	7,107	7,771
OTHER NON-CURRENT LIABILITIES	31,433	32,111
SHAREHOLDERS' EQUITY:		
Preferred stock, \$0.01 par value; 1,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, \$0.01 par value; 29,000,000 shares authorized; 17,479,481 and 17,681,955 shares issued and outstanding at April 5, 2015 and December 31, 2014, respectively	177	177
Additional paid-in capital	279,405	277,227
Retained earnings	259,599	250,635
Common treasury stock, at cost (301,647 shares at April 5, 2015)	(16,682)	—
Accumulated other comprehensive loss, net of taxes	(59,396)	(33,946)
Total Shareholders' Equity	463,103	494,093
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 688,691	\$ 724,722

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CIRCOR INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)
(Unaudited)

	Three Months Ended	
	April 5, 2015	March 30, 2014
Net revenues	\$ 165,860	\$ 211,186
Cost of revenues	113,211	146,548
GROSS PROFIT	52,649	64,638
Selling, general and administrative expenses	38,088	44,888
Special charges (recoveries), net	1,511	(1,157)
OPERATING INCOME	13,050	20,907
Other expense (income):		
Interest expense, net	640	918
Other (income), net	(506)	(468)
TOTAL OTHER EXPENSE, NET	134	450
INCOME BEFORE INCOME TAXES	12,916	20,457
Provision for income taxes	3,284	5,825
NET INCOME	\$ 9,632	\$ 14,632
Earnings per common share:		
Basic	\$ 0.55	\$ 0.83
Diluted	\$ 0.54	\$ 0.82
Weighted average number of common shares outstanding:		
Basic	17,662	17,620
Diluted	17,712	17,741
Dividends paid per common share	\$ 0.0375	\$ 0.0375

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CIRCOR INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(in thousands)
(Unaudited)

	Three Months Ended	
	April 5, 2015	March 30, 2014
Net income	\$ 9,632	\$ 14,632
Other comprehensive (loss) income, net of tax:		
Foreign currency translation adjustments	(25,779)	(715)
Other comprehensive (loss) income	(25,779)	(715)
COMPREHENSIVE (LOSS) INCOME	\$ (16,147)	\$ 13,917

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CIRCOR INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Three Months Ended	
	April 5, 2015	March 30, 2014
OPERATING ACTIVITIES		
Net income	\$ 9,632	\$ 14,632
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation	3,521	4,069
Amortization	710	786
Compensation expense of share-based plans	2,222	1,830
Tax effect of share-based plan compensation	(289)	(571)
Loss on sale of property, plant and equipment	46	34
(Gain) on sale of business	(972)	—
Change in operating assets and liabilities:		
Trade accounts receivable, net	7,480	(9,952)
Inventories	(18,697)	234
Prepaid expenses and other assets	(4,787)	(859)
Accounts payable, accrued expenses and other liabilities	(15,298)	6,854
Net cash (used in) provided by operating activities	(16,432)	17,057
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(1,983)	(2,670)
Proceeds from the sale of property, plant and equipment	—	13
Proceeds from the sale of affiliate	2,759	—
Net cash provided by (used in) investing activities	776	(2,657)
FINANCING ACTIVITIES		
Proceeds from long-term debt	46,903	48,029
Payments of long-term debt	(21,540)	(41,781)
Dividends paid	(672)	(670)
Proceeds from the exercise of stock options	38	192
Tax effect of share-based plan compensation	289	571
Purchases of common stock	(16,682)	—
Net cash provided by financing activities	8,336	6,341
Effect of exchange rate changes on cash and cash equivalents	(10,083)	(824)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(17,403)	19,917
Cash and cash equivalents at beginning of period	121,286	102,180
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 103,883	\$ 122,097
Supplemental Cash Flow Information:		
Cash paid during the period presented for:		
Income taxes	\$ 2,216	\$ 2,913
Interest	\$ 394	\$ 472

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CIRCOR INTERNATIONAL, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(1) Basis of Presentation

The accompanying unaudited, condensed consolidated financial statements have been prepared according to the rules and regulations of the United States (the "U.S.") Securities and Exchange Commission ("SEC") and, in the opinion of management, reflect all adjustments, which include normal recurring adjustments, necessary for a fair presentation of the consolidated balance sheets, consolidated statements of income and consolidated statements of cash flows of CIRCOR International, Inc. ("CIRCOR", the "Company", "us", "we" or "our") for the periods presented. We prepare our interim financial information using the same accounting principles as we use for our annual audited consolidated financial statements. Certain information and note disclosures normally included in the annual audited consolidated financial statements have been condensed or omitted in accordance with prescribed SEC rules. We believe that the disclosures made in our condensed consolidated financial statements and the accompanying notes are adequate to make the information presented not misleading.

The consolidated balance sheet at December 31, 2014 is as reported in our audited consolidated financial statements as of that date. Our accounting policies are described in the notes to our December 31, 2014 consolidated financial statements, which were included in our Annual Report filed on Form 10-K. We recommend that the financial statements included in our Quarterly Report on Form 10-Q be read in conjunction with the financial statements and notes included in our Annual Report filed on Form 10-K for the year ended December 31, 2014.

We operate and report financial information using a 52-week fiscal year ending December 31. The data periods contained within our Quarterly Reports on Form 10-Q reflect the results of operations for the 13-week, 26-week and 39-week periods which generally end on the Sunday nearest the calendar quarter-end date. Operating results for the three months ended April 5, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015.

(2) Summary of Significant Accounting Policies

The significant accounting policies used in preparation of these condensed consolidated financial statements for the three months ended April 5, 2015 are consistent with those discussed in Note 2 to the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2014.

There were no additional new accounting pronouncements adopted during the three months ended April 5, 2015.

(3) Share-Based Compensation

As of April 5, 2015, we have two share-based compensation plans. The 2014 Stock Option and Incentive Plan (the "2014 Plan") was adopted by our Board of Directors on February 12, 2014 and approved by our shareholders at the Company's annual meeting held on April 30, 2014. As of April 30, 2014, no new awards will be granted under the existing Amended and Restated 1999 Stock Option and Incentive Plan (the "1999 Plan"). As a result, any shares subject to outstanding awards under the 1999 Plan that expire, are canceled or otherwise terminate, or are withheld to satisfy tax withholding obligations will not be available for award grant purposes under the 2014 Plan. Both plans permit the grant of the following types of awards to our officers, other employees and non-employee directors: incentive stock options; non-qualified stock options; deferred stock awards; restricted stock awards; unrestricted stock awards; performance share awards; cash-based awards; stock appreciation rights ("SARs") and dividend equivalent rights. The 2014 Plan provides for the issuance of up to 1,700,000 shares of common stock (subject to adjustment for stock splits and similar events). Under the 2014 Plan, shares issued for awards other than stock options or SARs count against the aggregate share limit as 1.9 shares for every share actually issued. New options granted under the 2014 Plan could have varying vesting provisions and exercise periods. Options granted under the 1999 Plan vest in periods ranging from one year to five years and expire either seven years or ten years after the grant date. Restricted stock units granted under the 1999 Plan generally vest within three years. Vested restricted stock units will be settled in shares of our common stock.

As of April 5, 2015, there were 597,656 stock options (including the CEO and CFO stock option awards noted below) and 227,223 restricted stock units outstanding of which 9,454 restricted stock units were granted in 2013 outside the plan as a new hire inducement award. In addition, there were 1,396,157 shares available for grant under the 2014 Plan as of April 5, 2015. As of April 5, 2015, there were 10,000 outstanding restricted stock units that contain rights to nonforfeitable dividend equivalents and are considered participating securities that are included in our computation of basic and fully diluted earnings per share ("EPS"). There is no difference in the earnings per share amounts between the two class method and the treasury stock method, which is why we continue to use the treasury stock method.

The Black-Scholes option pricing model was used to estimate the fair value of each stock option grant at the date of grant excluding the 2013 and 2014 CEO and CFO stock option awards which were valued using the Monte Carlo option pricing model. Black-Scholes utilizes assumptions related to volatility, the risk-free interest rate, the dividend yield and employee exercise behavior. Expected volatilities utilized in the model are based on the historic volatility of the Company's stock price. The risk-free interest rate is derived from the U.S. Treasury Yield curve in effect at the time of the grant.

During the three months ended April 5, 2015, we granted 118,992 stock options compared with 164,503 stock options granted during the first three months of 2014.

The average fair value of stock options granted during the first three months of 2015 and 2014 was \$17.88 and \$26.32, respectively, and was estimated using the following weighted-average assumptions:

	<u>2015</u>	<u>2014</u>
Risk-free interest rate	1.4%	1.8%
Expected life (years)	4.5	3.7
Expected stock volatility	40.4%	41.4%
Expected dividend yield	0.3%	0.2%

For additional information regarding the historical issuance of stock options including awards to our CEO and CFO, refer to our Form 10-K filed on February 18, 2015.

We account for Restricted Stock Unit Awards ("RSU Awards") by expensing the weighted average fair value to selling, general and administrative expenses ratably over vesting periods generally ranging up to three years. During the three months ended April 5, 2015 and March 30, 2014, we granted 54,702 and 31,954 RSU Awards with approximate fair values of \$51.92 and \$71.75 per RSU Award, respectively. During the first three months of 2015 and 2014, we granted performance-based RSUs as part of the overall mix of RSU Awards. These performance-based RSUs include metrics for achieving Return on Invested Capital and Adjusted Operating Margin with target payouts ranging from 0% to 200%. Of the 54,702 RSUs granted during the three months ended April 5, 2015, 26,094 are performance-based RSU awards. This compares to 11,881 performance-based RSU awards granted during the three months ended March 30, 2014.

The CIRCOR Management Stock Purchase Plan, which is a component of both the 2014 Plan and the 1999 Plan, provides that eligible employees may elect to receive restricted stock units in lieu of all or a portion of their pre-tax annual incentive bonus and, in some cases, make after-tax contributions in exchange for restricted stock units ("RSU MSPs"). In addition, non-employee directors may elect to receive restricted stock units in lieu of all or a portion of their annual directors' fees. Each RSU MSP represents a right to receive one share of our common stock after a three year vesting period. RSU MSPs are granted at a discount of 33% from the fair market value of the shares of common stock on the date of grant. This discount is amortized as compensation expense, to selling, general and administrative expenses, over a four year period. RSU MSPs totaling 38,965 and 32,752 with per unit discount amounts representing fair values of \$17.11 and \$23.61 were granted under the CIRCOR Management Stock Purchase Plan during the three months ended April 5, 2015 and March 30, 2014, respectively.

Compensation expense related to our share-based plans for the three month periods ended April 5, 2015 and March 30, 2014 was \$2.2 million and \$1.8 million, respectively. For the three month period ended April 5, 2015, \$1.8 million compensation expense was recorded as selling, general and administrative expense. In addition, \$0.4 million was recorded as a special charge related to the retirement of one of our executive officers. For the three month period ended March 30, 2014, \$1.8 million was recorded as selling, general and administrative expense. As of April 5, 2015, there was \$12.9 million of total unrecognized compensation costs related to our outstanding share-based compensation arrangements. That cost is expected to be recognized over a weighted average period of 2.1 years.

The weighted average contractual term for stock options outstanding and options exercisable as of April 5, 2015 was 7.7 years and 6.8 years, respectively. The aggregate intrinsic value of stock options exercised during the three months ended April 5, 2015 was less than \$0.1 million and the aggregate intrinsic value of stock options outstanding and options exercisable as of April 5, 2015 was \$4.2 million and \$1.8 million, respectively.

The aggregate intrinsic value of RSU Awards settled during the three months ended April 5, 2015 was \$1.9 million and the aggregate intrinsic value of RSU Awards outstanding and RSU Awards vested and deferred as of April 5, 2015 was \$7.5 million and less than \$0.1 million, respectively.

The aggregate intrinsic value of RSU MSPs settled during the three months ended April 5, 2015 was \$0.4 million and the aggregate intrinsic value of RSU MSPs outstanding and RSU MSPs vested and deferred as of April 5, 2015 was \$1.8 million and none, respectively.

We also grant Cash Settled Stock Unit Awards to certain international employee participants. These Cash Settled Stock Unit Awards typically cliff-vest in three years and are settled in cash based on the Company's closing stock price at the time of vesting. As of April 5, 2015, there were 33,522 Cash Settled Stock Unit Awards outstanding compared to 42,365 as of March 30, 2014. During the three months ended April 5, 2015, the aggregate cash used to settle Cash Settled Stock Unit Awards was \$0.5 million. As of April 5, 2015, we had \$0.8 million of accrued expenses in current liabilities associated with these Cash Settled Stock Unit Awards compared with \$1.0 million as of March 30, 2014. Cash Settled Stock Unit Awards related compensation costs for the three month periods ended April 5, 2015 and March 30, 2014 was \$0.2 million and \$0.1 million, respectively, and was recorded as selling, general, and administrative expense.

(4) Inventories

Inventories consist of the following (in thousands):

	April 5, 2015	December 31, 2014
Raw materials	\$ 57,125	\$ 57,505
Work in process	84,835	82,130
Finished goods	52,664	43,799
Total inventories	<u>\$ 194,624</u>	<u>\$ 183,434</u>

(5) Goodwill and Intangible Assets

The following table shows goodwill by segment as of April 5, 2015 (in thousands):

	Energy	Aerospace & Defense	Consolidated Total
Goodwill as of December 31, 2014	\$ 49,995	\$ 22,435	\$ 72,430
Currency translation adjustments	(2,428)	(170)	(2,598)
Goodwill as of April 5, 2015	<u>\$ 47,567</u>	<u>\$ 22,265</u>	<u>\$ 69,832</u>

The table below presents gross intangible assets and the related accumulated amortization as of April 5, 2015 (in thousands):

	Gross Carrying Amount	Accumulated Amortization
Patents	\$ 6,070	\$ (5,745)
Non-amortized intangibles (primarily trademarks and trade names)	11,414	—
Customer relationships	29,574	(18,244)
Backlog	1,041	(1,041)
Other	6,657	(4,929)
Total	<u>\$ 54,756</u>	<u>\$ (29,959)</u>
Net carrying value of intangible assets	<u>\$ 24,797</u>	

The table below presents estimated remaining amortization expense for intangible assets recorded as of April 5, 2015 (in thousands):

	2015	2016	2017	2018	2019	After 2019
Estimated amortization expense	\$ 2,093	\$ 2,539	\$ 2,405	\$ 2,175	\$ 1,836	\$ 2,337

(6) Segment Information

The following table presents certain reportable segment information (in thousands):

	Energy	Aerospace & Defense	Corporate / Eliminations	Consolidated Total
Three Months Ended April 5, 2015				
Net revenues	\$ 127,586	\$ 38,274	\$ —	\$ 165,860
Inter-segment revenues	250	82	(332)	—
Operating income (loss)	16,652	2,852	(6,454)	13,050
Interest expense, net				640
Other (income) expense, net				(506)
Income before income taxes				\$ 12,916
Identifiable assets	593,027	189,850	(94,186)	688,691
Capital expenditures	1,316	475	192	1,983
Depreciation and amortization	2,432	1,531	268	4,231
Three Months Ended March 30, 2014				
Net revenues	\$ 162,587	\$ 48,599	\$ —	\$ 211,186
Inter-segment revenues	206	79	(285)	—
Operating income (loss)	21,774	6,570	(7,437)	20,907
Interest expense, net				918
Other (income) expense, net				(468)
Income before income taxes				\$ 20,457
Identifiable assets	600,637	220,402	(67,082)	753,957
Capital expenditures	1,773	649	248	2,670
Depreciation and amortization	2,816	1,727	312	4,855

Each reporting segment is individually managed and has separate financial results that are reviewed by our chief operating decision-maker. Each segment contains related products and services particular to that segment. For further discussion of the products included in each segment refer to Note 1 of the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2014.

In calculating operating income for each reporting segment, certain administrative expenses incurred at the corporate level for the benefit of other reporting segments were allocated to the segments based upon specific identification of costs, employment related information or net revenues.

Corporate / Eliminations are reported on a net “after allocations” basis. Inter-segment intercompany transactions affecting net operating profit have been eliminated within the respective operating segments.

The operating loss reported in the Corporate / Eliminations column in the preceding table consists primarily of the following corporate expenses: compensation and fringe benefit costs for executive management and other corporate staff; Board of Director compensation; corporate development costs (relating to mergers and acquisitions); human resource development and benefit plan administration expenses; legal, accounting and other professional and consulting fees; facilities, equipment and maintenance costs; and travel and various other administrative costs. The above costs are incurred in the course of furthering the business prospects of the Company and relate to activities such as: implementing strategic business growth opportunities; corporate governance; risk management; treasury; investor relations and shareholder services; regulatory compliance; and stock transfer agent costs.

The total assets for each operating segment have been reported as the Identifiable Assets for that segment, including inter-segment intercompany receivables, payables and investments in other CIRCOR businesses. Identifiable assets reported in Corporate / Eliminations include both corporate assets, such as cash, deferred taxes, prepaid and other assets, fixed assets, as well as the elimination of all inter-segment intercompany assets. The elimination of intercompany assets results in negative amounts reported in Corporate / Eliminations for Identifiable Assets for the periods ended April 5, 2015 and March 30, 2014. Corporate Identifiable Assets after elimination of intercompany assets were \$39.7 million and \$46.1 million as of April 5, 2015 and March 30, 2014, respectively.

(7) Earnings Per Common Share (in thousands, except per share amounts):

	Three Months Ended					
	April 5, 2015			March 30, 2014		
	Net Income	Shares	Per Share Amount	Net Income	Shares	Per Share Amount
Basic EPS	\$ 9,632	17,662	\$ 0.55	\$ 14,632	17,620	\$ 0.83
Dilutive securities, common stock options	—	50	(0.01)	—	121	(0.01)
Diluted EPS	\$ 9,632	17,712	\$ 0.54	\$ 14,632	17,741	\$ 0.82

There were 362,261 and 152,599 anti-dilutive stock options, RSU Awards, and RSU MSPs outstanding for the three months ended April 5, 2015 and March 30, 2014, respectively.

(8) Financial Instruments

Fair Value

The carrying amounts of cash and cash equivalents, trade receivables and trade payables approximate fair value because of the short maturity of these financial instruments. Short-term investments (principally guaranteed investment certificates) are carried at cost which approximates fair value at the balance sheet date. The fair value of our variable rate debt approximates its carrying amount.

Foreign Currency Exchange Risk

The Company is exposed to certain risks relating to its ongoing business operations including foreign currency exchange rate risk and interest rate risk. The Company currently uses derivative instruments to manage foreign currency risk on certain business transactions denominated in foreign currencies. To the extent the underlying transactions hedged are completed, these forward contracts do not subject us to significant risk from exchange rate movements because they offset gains and losses on the related foreign currency denominated transactions. These forward contracts do not qualify as hedging instruments and, therefore, do not qualify for fair value or cash flow hedge treatment. Any unrealized gains and losses on our contracts are recognized as a component of other expense in our consolidated statements of income.

As of April 5, 2015, we had seven forward contracts: four U.S. Dollar/Euro contracts with a total value of \$10.1 million and three Brazilian Real/Euro contracts with a total value of less than \$0.1 million. This compares to six forward contracts as of December 31, 2014. The fair value asset of the derivative forward contracts as of April 5, 2015 was less than 0.1 million and was included in prepaid expenses and other current assets on our condensed consolidated balance sheet. This compares to a fair value liability of less than \$0.6 million that was included in accrued expenses and other current liabilities on our consolidated balance sheet as of December 31, 2014. The unrealized foreign exchange loss for each of the three month periods ended April 5, 2015 and March 30, 2014 was less than \$0.5 million, respectively. Unrealized foreign exchange gains (losses) are included in other (income) expense, net in our condensed consolidated statements of income.

We have determined that the majority of the inputs used to value our foreign currency forward contracts fall within Level 2 of the fair value hierarchy, found under Accounting Standards Codification (“ASC”) Topic 820. The credit valuation adjustments, such as estimates of current credit spreads to evaluate the likelihood of default by us and our counterparties are Level 3 inputs. However, we have assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our foreign currency forward contracts and determined that the credit valuation adjustments are not significant to the overall valuation. As a result, we have determined that our derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

(9) Guarantees and Indemnification Obligations

As permitted under Delaware law, we have agreements whereby we indemnify certain of our officers and directors for certain events or occurrences while the officer or director is, or was, serving at our request in such capacity. The term of the indemnification period is for the officer's or director's lifetime. The maximum potential amount of future payments we could be required to make under these indemnification agreements is unlimited. However, we have directors' and officers' liability insurance policies that limit our exposure for events covered under the policies and should enable us to recover a portion of any future amounts paid. As a result of the coverage under these insurance policies, we believe the estimated fair value of these indemnification agreements based on Level 3 criteria as described under ASC Topic 820 is minimal and, therefore, we have no liabilities recorded from those agreements as of April 5, 2015.

We record provisions for the estimated cost of product warranties, primarily from historical information, at the time product revenue is recognized. We also record provisions with respect to any significant individual warranty issues as they arise. While we engage in extensive product quality programs and processes, our warranty obligation is affected by product failure rates, utilization levels, material usage, service delivery costs incurred in correcting a product failure, and supplier warranties on parts delivered to us. Should actual product failure rates, utilization levels, material usage, service delivery costs or supplier warranties on parts differ from our estimates, revisions to the estimated warranty liability would be required.

The following table sets forth information related to our product warranty reserves for the three months ended April 5, 2015 (in thousands):

Balance beginning December 31, 2014	\$	4,213
Provisions		911
Claims settled		(634)
Currency translation adjustment		(228)
Balance ending April 5, 2015	\$	4,262

Warranty obligations increased \$0.1 million from \$4.2 million as of December 31, 2014 to \$4.3 million as of April 5, 2015 primarily related to claim provisions within our Energy segment.

(10) Contingencies and Commitments

We are currently involved in various legal claims and legal proceedings, some of which may involve substantial dollar amounts. Periodically, we review the status of each significant matter and assess our potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable and the amount can be estimated, we accrue a liability for the estimated loss. Significant judgment is required in both the determination of probability and the determination as to whether an exposure can be reasonably estimated. Because of uncertainties related to these matters, accruals are based on the best information available at the time. As additional information becomes available, we reassess the potential liability related to our pending claims and litigation and may revise our estimates. Such revisions in the estimates of the potential liabilities could have a material adverse effect on our business, results of operations and financial position.

Asbestos-related product liability claims continue to be filed against two of our subsidiaries Spence Engineering Company, Inc. ("Spence"), the stock of which we acquired in 1984; and CIRCOR Instrumentation Technologies, Inc. (f/k/a Hoke Incorporated) ("Hoke"), the stock of which we acquired in 1998. Due to the nature of the products supplied by these entities, the markets they serve and our historical experience in resolving these claims, we do not believe that these asbestos-related claims will have a material adverse effect on the financial condition, results of operations or liquidity of Spence or Hoke, or our financial condition, consolidated results of operations or liquidity of the Company.

In February 2015, we agreed to resolve a longstanding customer dispute regarding our design and fabrication of cable protection systems for an off-shore windfarm ("Customer Settlement"), a product line in which we no longer are involved. The resolution of this dispute was recorded as a Special Charge during the fourth quarter of 2014 in the amount of \$6.2 million. The final settlement is still pending as of the date of our first quarter 2015 filing. The amounts recorded during the fourth quarter of 2014 continue to reflect our best estimate of probable resolution.

Standby Letters of Credit

We execute standby letters of credit, which include bid bonds and performance bonds, in the normal course of business to ensure our performance or payments to third parties. The aggregate notional value of these instruments was \$49.8 million at April 5, 2015. Our historical experience with these types of instruments has been good and no claims have been paid in the current or past five fiscal years. We believe that the likelihood of demand for a significant payment relating to the outstanding instruments is remote. These instruments generally have expiration dates ranging from less than 1 month to 5 years from April 5, 2015.

The following table contains information related to standby letters of credit instruments outstanding as of April 5, 2015 (in thousands):

<u>Term Remaining</u>	<u>Maximum Potential Future Payments</u>
0–12 months	\$ 34,544
Greater than 12 months	15,216
Total	<u>\$ 49,760</u>

(11) Defined Pension Benefit Plans

We maintain two pension benefit plans, a qualified noncontributory defined benefit plan and a nonqualified, noncontributory defined benefit supplemental plan that provides benefits to certain retired highly compensated officers and employees. To date, the supplemental plan remains an unfunded plan. These plans include significant pension benefit obligations which are calculated based on actuarial valuations. Key assumptions are made in determining these obligations and related expenses, including expected rates of return on plan assets and discount rates. Benefits are based primarily on years of service and employees' compensation.

As of July 1, 2006, in connection with a revision to our retirement plan, we froze the pension benefits of our qualified noncontributory plan participants. Under the revised plan, such participants generally do not accrue any additional benefits under the defined benefit plan after July 1, 2006.

During the three months ended April 5, 2015, we made cash contributions of \$0.4 million to our qualified defined benefit pension plan. Additionally, substantially all of our U.S. employees are eligible to participate in a 401(k) savings plan. Under this plan, we make a core contribution and match a specified percentage of employee contributions, subject to certain limitations.

The components of net pension benefit expense are as follows (in thousands):

	<u>Three Months Ended</u>	
	<u>April 5, 2015</u>	<u>March 30, 2014</u>
Interest cost on benefits obligation	548	545
Estimated return on assets	(723)	(697)
Loss amortization	210	127
Net periodic cost of defined pension benefit plans	<u>\$ 35</u>	<u>\$ (25)</u>

(12) Income Taxes

As required by ASC 740, Income Taxes, as of April 5, 2015 and December 31, 2014, we had \$1.8 million and \$2.0 million of unrecognized tax benefits, respectively, of which \$1.5 million and \$1.5 million, respectively, would affect our effective tax rate if recognized in any future period.

We recognize interest and penalties related to uncertain tax positions in income tax expense. As of April 5, 2015, we had approximately \$0.7 million of accrued interest related to uncertain tax positions.

The Company files income tax returns in the U.S. federal, state and local jurisdictions and in foreign jurisdictions. The Company is no longer subject to examination by the Internal Revenue Service (the "IRS") for years prior to 2012 and is no longer subject to examination by the tax authorities in foreign and state jurisdictions prior to 2006. The Company is currently under

examination for income tax filings in various foreign jurisdictions, including Italy where we have received a tax assessment regarding withholding taxes on certain intercompany dividends paid in 2009. We disagree with the tax assessment and, after taking appropriate advice, we believe that we would prevail in court, if necessary. However, in Q4 2014, we accrued \$0.9 million as a tax reserve equal to the amount we would be willing to settle in order to avoid costs of litigation.

Our future effective tax rates could be adversely affected by earnings being lower than anticipated in countries where we have lower statutory rates and vice versa. Changes in the valuation of our deferred tax assets or liabilities, or changes in tax laws or interpretations thereof may also adversely affect our future effective tax rate. In addition, we are subject to the continuous examination of our income tax returns by the IRS and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes.

The Company has a net domestic deferred income tax asset and a net foreign deferred tax asset. With regard to deferred income tax assets, we maintained a total valuation allowance of \$10.6 million at April 5, 2015 and \$9.4 million at December 31, 2014 due to uncertainties related to our ability to utilize certain of these assets, primarily consisting of certain foreign tax credits, foreign and state net operating losses and state tax credits carried forward. The valuation allowance is based on estimates of taxable income in each of the jurisdictions in which we operate and the period over which our deferred tax assets will be recoverable. If market conditions improve and future results of operations exceed our current expectations, our existing tax valuation allowances may be adjusted, resulting in future tax benefits. Alternatively, if market conditions deteriorate or future results of operations are less than expected, future assessments may result in a determination that some or all of the deferred tax assets are not realizable. Consequently, we may need to establish additional tax valuation allowances for all or a portion of the gross deferred tax assets, which may have a material adverse effect on our business, results of operations and financial condition. The Company has had a history of domestic and foreign taxable income, is able to avail itself of federal tax carryback provisions, has future taxable temporary differences and projects future domestic and foreign taxable income. We believe that after considering all of the available objective evidence, it is more likely than not that the results of future operations will generate sufficient taxable income to realize the remaining net deferred income tax asset.

(13) Special & Restructuring Charges / (Recoveries)

Background

On August 1, 2013 and October 31, 2013, we announced restructuring actions associated with our Energy and Aerospace & Defense segments under which we have simplified the manner in which we manage our businesses ("2013 Announced Restructuring"). Under these restructurings, we consolidated facilities, shifted expenses to lower cost regions, restructured certain non-strategic product lines, and also consolidated our group structure from three groups to two, reducing management layers and administrative expenses.

On January 24, 2014, we reached a settlement on the T.M.W. Corporation ("TMW") arbitration where it was agreed that TMW would waive all rights to amounts due from us under a contingent consideration promissory note established at the time of acquisition, resulting in a special gain of approximately \$2.2 million during the first quarter of 2014.

On March 28, 2014, we entered into a settlement agreement for \$1.5 million with Watts Water Technologies, Inc ("Watts"). Accordingly, we recorded a \$0.3 million special charge in the quarter, net of amounts previously accrued.

On April 22, 2014, we announced additional restructuring actions ("2014 Announced Restructurings"), under which we are continuing to simplify our businesses. Under this restructuring, we are reducing certain general and administrative expenses, including the reduction of certain management layers, and closing or consolidating a number of smaller facilities. The savings from these restructuring actions will be utilized for growth investments.

On January 6, 2015, we announced the divestiture of two of our non-core businesses ("Divestitures") as part of our simplification strategy. During the fourth quarter of 2014, we recorded \$3.4 million of special charges associated with expected losses and expenses related to these divestitures. The Energy divestiture was completed in the fourth quarter of 2014. During the first quarter of 2015, the Aerospace & Defense divestiture was completed and we recorded a special gain of \$1.0 million.

On February 18, 2015, we announced additional restructuring actions ("2015 Announced Restructurings"), under which we are continuing to simplify our businesses. Under this restructuring, we are reducing certain general, administrative and manufacturing related expenses.

During the first quarter of 2015, we recorded special charges of \$0.4 million associated with the retirement of our Energy President ("Executive retirement charges"). These charges primarily related to equity award modification charges.

On April 15, 2015, we acquired Germany-based Schroedahl, a privately-owned manufacturer of safety and control valves primarily in the power generation market. During the first quarter of 2015, we incurred \$0.5 million of special charges, primarily professional fees, associated with this acquisition. See Subsequent Events in Note 14 of the condensed consolidated financial statements for more details on the acquisition.

Inventory Restructuring

We recorded no restructuring related inventory charges during the three months ended April 5, 2015 and March 30, 2014, respectively.

Q1 2015

As of and for the three months ended April 5, 2015, we recorded \$1.5 million of non-inventory restructuring related and special charges, net of recoveries, as shown in the table below (in thousands):

	Special Charges / (Recoveries)			
	As of and for the three months ended April 5, 2015			
	Energy	Aerospace & Defense	Corporate	Total
Accrued special and restructuring charges as of December 31, 2014				\$ 9,133
Facility and professional fee related expenses	19	13	—	32
Employee related expenses	324	1,156	—	1,480
Total restructuring charges	\$ 343	\$ 1,169	\$ —	\$ 1,512
Divestitures	26	(977)		(951)
Acquisition related charges	530			530
Executive retirement charges			420	420
Total special and restructuring charges	\$ 899	\$ 192	\$ 420	\$ 1,511
Special charges paid / settled				\$ 1,700
Accrued special and restructuring charges as of April 5, 2015				\$ 8,944

Q1 2014

During the three months ended March 30, 2014, we recorded \$0.8 million of non-inventory restructuring related and special charges, net of recoveries, as shown in the table below (in thousands):

	Special Charges / (Recoveries)			
	As of and for the three months ended March 30, 2014			
	Energy	Aerospace & Defense	Corporate	Total
Accrued special and restructuring charges as of December 31, 2013				\$ 4,180
Facility and professional fee related expenses	336	84	—	420
Employee related expenses	351	15	—	366
Total restructuring charges	\$ 687	\$ 99	\$ —	\$ 786
Watts Settlement	—	—	300	300
TMW settlement	—	(2,243)	—	(2,243)
Total special and restructuring charges	\$ 687	\$ (2,144)	\$ 300	\$ (1,157)
Special charges paid / settled				298
Accrued special and restructuring charges as of March 30, 2014				2,725

Inception to Date

The following table (in thousands) summarizes our 2013 Announced Restructuring related special charges incurred from the third quarter of 2013 through June 29, 2014. Charges with this action were finalized in the second quarter of 2014. We do not anticipate any additional special charges to be incurred associated with the 2013 Announced Restructuring actions.

	2013 Announced Restructuring Charges / (Recoveries), net as of April 5, 2015			
	Energy	Aerospace & Defense	Corporate	Total
Facility and professional fee related expenses - incurred to date	2,117	473	—	2,590
Employee related expenses - incurred to date	2,945	1,519	—	4,464
Total restructuring related special charges - incurred to date	\$ 5,062	\$ 1,992	\$ —	\$ 7,054

The following table (in thousands) summarizes our 2014 Announced Restructuring related special charges incurred from the second quarter of 2014 through April 5, 2015:

	2014 Announced Restructuring Charges / (Recoveries), net as of April 5, 2015			
	Energy	Aerospace & Defense	Corporate	Total
Facility and professional fee related expenses - incurred to date	(64)	95	—	31
Employee related expenses - incurred to date	1,463	2,963	317	4,743
Total restructuring related special charges - incurred to date	\$ 1,399	\$ 3,058	\$ 317	\$ 4,774

The following table (in thousands) summarizes our 2015 Announced Restructuring related special charges incurred during the first quarter of 2015:

	2015 Announced Restructuring Charges / (Recoveries), net as of April 5, 2015			
	Energy	Aerospace & Defense	Corporate	Total
Facility and professional fee related expenses - incurred to date	13	13	—	26
Employee related expenses - incurred to date	327	558	—	885
Total restructuring related special charges - incurred to date	\$ 340	\$ 571	\$ —	\$ 911

Additional special charges that we expect to be recorded with the 2014 and 2015 announced restructuring actions are included in the future projection below.

Future Projection

We expect to incur additional related special charges between \$4.8 million and \$5.3 million that are primarily facility and employee related during the remainder of 2015 (between \$3.8 million and \$4.2 million for the Energy segment and between \$1.0 million and \$1.1 million for the Aerospace & Defense segment) to complete these 2014 and 2015 restructuring actions. These restructuring activities are expected to be funded with cash generated from operations.

(14) Subsequent Events

Schroedahl Acquisition:

On April 15, 2015, we acquired Germany-based Schroedahl, a privately-owned manufacturer of safety and control valves primarily in the power generation market. Founded in 1962 with customers in Asia, Europe and the Americas, Schroedahl produces custom-engineered high-pressure auto-recirculation ("ARC") and control valves for pump protection applications.

ARC valves ensure the consistent minimum flow rate of pumps in order to guard against overheating, collapse or destruction. Schroedahl will be reported in our Energy segment.

Share Repurchase Plan:

On December 18, 2014, our Board of Directors authorized a share repurchase program of up to \$75 million of the our outstanding common stock. During the three months ended April 5, 2015, we had purchased 301,647 shares of common stock for \$16.7 million under this share repurchase plan. Through April 24, 2015 we purchased 623,828 shares of common stock for \$34.9 million under this share repurchase plan.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*This Quarterly Report on Form 10-Q contains certain statements that are “forward-looking statements” as that term is defined under the Private Securities Litigation Reform Act of 1995 (the “Act”) and releases issued by the SEC. The words “may,” “hope,” “should,” “expect,” “plan,” “anticipate,” “intend,” “believe,” “estimate,” “predict,” “potential,” “continue,” and other expressions which are predictions of or indicate future events and trends and which do not relate to historical matters, identify forward-looking statements. We believe that it is important to communicate our future expectations to our stockholders, and we, therefore, make forward-looking statements in reliance upon the safe harbor provisions of the Act. However, there may be events in the future that we are not able to accurately predict or control and our actual results may differ materially from the expectations we describe in our forward-looking statements. Forward looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, the cyclicity and highly competitive nature of some of our end- markets which can affect the overall demand for and pricing of our products, changes in the price of and demand for oil & gas in both domestic and international markets, any adverse changes in governmental policies, variability of raw material and component pricing, changes in our suppliers’ performance, fluctuations in foreign currency exchange rates, our ability to hire and maintain key personnel, our ability to continue operating our manufacturing facilities at efficient levels including our ability to prevent cost overruns and continue to reduce costs, our ability to generate increased cash by reducing our inventories, our prevention of the accumulation of excess inventory, our ability to successfully implement our acquisition, divestiture, restructuring, or simplification strategies, fluctuations in interest rates, potential security measure breaches or attacks, our ability to continue to successfully defend product liability actions including asbestos-related claims, as well as the uncertainty associated with the current worldwide economic conditions and the continuing impact on economic and financial conditions in the United States and around the world as a result of terrorist attacks, current Middle Eastern conflicts and related matters. **We advise you to read further about certain of these and other risk factors set forth in Part I, Item 1A, “Risk Factors” of our Annual Report filed on Form 10-K for the year ended December 31, 2014, together with subsequent reports we have filed with the SEC on Forms 10-Q and 8-K, which may supplement, modify, supersede, or update those risk factors. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.***

Company Overview

CIRCOR International, Inc. designs, manufactures and markets valves and other highly engineered products and sub-systems used in the Oil & Gas, power generation, aerospace, defense and industrial markets. Within our major product groups, we develop, manufacture, sell and service a portfolio of fluid-control products, sub-systems and technologies that enable us to fulfill our customers’ unique fluid-control application needs.

We have organized our reporting structure into two segments: Energy and Aerospace & Defense. The primary markets served by our Energy segment are oil & gas: upstream, mid-stream and downstream; as well as the global power generation market. The Aerospace & Defense segment primarily serves commercial and military aerospace end-markets as well as certain international Navy applications.

Basis of Presentation

All significant intercompany balances and transactions have been eliminated in consolidation. We monitor our business in two segments: Energy and Aerospace & Defense.

We operate and report financial information using a 52-week fiscal year ending December 31. The data periods contained within our Quarterly Reports on Form 10-Q reflect the results of operations for the 13-week, 26-week and 39-week periods which generally end on the Sunday nearest the calendar quarter-end date.

Critical Accounting Policies

The following discussion of accounting policies is intended to supplement the section “Summary of Significant Accounting Policies” presented in Note 2 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2014. These policies were selected because they are broadly applicable within our operating units. The expenses and accrued liabilities or allowances related to certain of these policies are initially based on our best estimates at the time of original entry in our accounting records. Adjustments are recorded when our actual experience, or new information concerning our expected experience, differs from underlying initial estimates. These adjustments could be material if our actual or expected experience were to change significantly in a short period of time. We make frequent comparisons of actual experience and expected experience in order to mitigate the likelihood of material adjustments.

There have been no significant changes from the methodology applied by management for critical accounting estimates previously disclosed in our most recent Annual Report on Form 10-K.

Results of Operations for the Three Months Ended April 5, 2015 Compared to the Three Months Ended March 30, 2014 (unaudited)

The following table sets forth the consolidated results of operations, percentage of net revenues and the period-to-period percentage change in certain financial data for the three months ended April 5, 2015 and March 30, 2014:

	Three Months Ended		Three Months Ended		
	April 5, 2015		March 30, 2014		% Change
	(in thousands, except percentages)				
Net revenues	\$ 165,860	100.0 %	\$ 211,186	100.0 %	(21.5)%
Cost of revenues	113,211	68.3 %	146,548	69.4 %	(22.7)%
Gross profit	52,649	31.7 %	64,638	30.6 %	(18.5)%
Selling, general and administrative expenses	38,088	23.0 %	44,888	21.3 %	(15.1)%
Special charges (recoveries), net	1,511	0.9 %	(1,157)	(0.5)%	(230.6)%
Operating income	13,050	7.9 %	20,907	9.9 %	(37.6)%
Other expense (income):					
Interest expense, net	640	0.4 %	918	0.4 %	(30.3)%
Other (income), net	(506)	(0.3)%	(468)	(0.2)%	8.1 %
Total other expense, net	134	0.1 %	450	0.2 %	(70.2)%
Income before income taxes	12,916	7.8 %	20,457	9.7 %	(36.9)%
Provision for income taxes	3,284	2.0 %	5,825	2.8 %	(43.6)%
Net income	\$ 9,632	5.8 %	\$ 14,632	6.9 %	(34.2)%

Net Revenues

Net revenues for the three months ended April 5, 2015 decreased by \$45.3 million, or 21%, to \$165.9 million from \$211.2 million for the three months ended March 30, 2014. The change in net revenues for the three months ended April 5, 2015 was attributable to the following:

Segment	Three Months Ended		Total Change	Divestitures	Operations	Foreign Exchange
	April 5, 2015	March 30, 2014				
	(in thousands, except percentages)					
Energy	\$ 127,586	\$ 162,587	\$ (35,001)	\$ (10,554)	\$ (14,009)	\$ (10,438)
Aerospace & Defense	38,274	48,599	(10,325)	(2,428)	(5,015)	(2,882)
Total	\$ 165,860	\$ 211,186	\$ (45,326)	\$ (12,982)	\$ (19,024)	\$ (13,320)

The Energy segment accounted for approximately 77% of net revenues for the three months ended April 5, 2015 and March 30, 2014, with the Aerospace & Defense segment accounting for the remainder.

Energy segment net revenues decreased by \$35.0 million, or 22%, for the three months ended April 5, 2015 compared to the three months ended March 30, 2014. The decrease was primarily driven by 2014 divestitures (6%), unfavorable foreign currency impact (6%), and lower shipment volumes in both our control valves (4%) and North American short-cycle (4%) businesses. Orders decreased \$16.4 million to \$143.1 million for the three months ended April 5, 2015 compared to \$159.5 million for the same period in 2014, primarily as a result of the reduction from our December 2014 business divestiture (\$12.2 million), as well as decreases in our North American short-cycle business, offset by increases in our large international projects business. Backlog for our Energy segment has decreased \$35.5 million to \$247.6 million as of April 5, 2015 compared to \$283.1 million as of March 30, 2014, primarily due to our December 2014 divestiture (\$17.6 million) and foreign exchange remeasurement impacts (\$18.7 million).

Aerospace & Defense segment net revenues decreased by \$10.3 million, or 21%, for the three months ended April 5, 2015 compared to the same period in 2014. The decrease was primarily driven by declines in our California business (8%) primarily, relating to landing gear product line exits, UK businesses (5%) decline due to completion of certain Navy projects, unfavorable foreign currency impact (6%), and 2015 divestiture (5%). These declines were partially offset by increased revenues in our actuation (1%) and French businesses (1%). Orders decreased \$1.2 million to \$39.2 million for the three months ended April 5, 2015 compared to \$40.4 million for the same period in 2014, primarily due to the January 2015 business divestiture, partially offset by higher orders at our California actuation business. Order backlog decreased \$61.1 million to \$104.1 million as of April 5, 2015 compared to \$165.2 million as of March 30, 2014, primarily as a result of a backlog reduction as we restructured certain landing gear product lines during the three months ended June 29, 2014 and change in policy implemented during the fourth quarter of 2014.

Operating Income (Loss)

The change in operating income (loss) for the three months ended April 5, 2015 compared to the three months ended March 30, 2014 was as follows:

(in thousands)	Three Months Ended		Total Change	Divestitures	Operations	Foreign Exchange	Inventory Restructuring & Special Charges / (Recoveries), net
	April 5, 2015	March 30, 2014					
Energy	\$ 16,652	\$ 21,774	\$ (5,122)	\$ 199	\$ (3,653)	\$ (1,456)	\$ (212)
Aerospace & Defense	2,852	6,570	(3,718)	(33)	(1,021)	(328)	(2,336)
Corporate	(6,454)	(7,437)	983	0	1,096	7	(120)
	\$ 13,050	\$ 20,907	\$ (7,857)	\$ 166	\$ (3,578)	\$ (1,777)	\$ (2,668)

Non-inventory restructuring related and special charges, net of recoveries, for the three months ended April 5, 2015 and March 30, 2014 were as follows:

<u>Segment</u>	Three Months Ended April 5, 2015		
	(in Thousands)		
	Total Special Charges / (Recoveries), net	Restructuring Charges, net	Special Other (Recoveries) Charges, net
Energy	\$ 899	\$ 343	\$ 556
Aerospace & Defense	192	1,169	(977)
Corporate	420	—	420
Total	\$ 1,511	\$ 1,512	\$ (1)

<u>Segment</u>	Three Months Ended March 30, 2014		
	(in Thousands)		
	Total Special Charges / (Recoveries), net	Restructuring Charges, net	Special Other (Recoveries) Charges, net
Energy	\$ 687	\$ 687	\$ —
Aerospace & Defense	(2,144)	99	(2,243)
Corporate	300	—	300
Total	\$ (1,157)	\$ 786	\$ (1,943)

See "Special & Restructuring Charges / (Recoveries)" in Note 13 of the accompanying unaudited condensed consolidated financial statements for more detail on these non-inventory restructuring related and special charges for the three months ended April 5, 2015 and March 30, 2014.

Operating income decreased \$7.9 million, or 38%, to \$13.1 million for the three months ended April 5, 2015 compared to \$20.9 million for the same period in 2014.

Operating income for our Energy segment decreased \$5.1 million, or 24%, to \$16.7 million for the three months ended April 5, 2015, compared to \$21.8 million for the same period in 2014. The year over year decrease in operating income was driven by net operational decreases of \$3.7 million (17%) and unfavorable foreign exchange fluctuations of \$1.5 million (7%). Operating margins declined 30 basis points to 13.1% compared to the same period in 2014, primarily due to North American short-cycle volume decreases and unfavorable product mix within our large international projects business, offset by savings from previous restructuring actions.

Operating income for our Aerospace & Defense segment decreased \$3.7 million, or 57%, to \$2.9 million for the three months ended April 5, 2015, compared to \$6.6 million for the same period in 2014. The year over year decrease in operating income was primarily driven by higher special charges of \$2.3 million (36%), net operational decreases of \$1.0 million (16%) and unfavorable foreign exchange fluctuations of \$0.3 million (5%). During the first quarter of 2014 we recorded a special recovery of \$2.2 million for the legal settlement of the TMW arbitration. Operating margins declined 600 basis points to 7.5% compared to the same period in 2014, primarily due to operational inefficiencies at our California operations.

Corporate operating expenses decreased \$1.0 million, or 13%, to \$6.5 million for the three months ended April 5, 2015 compared to the same period in 2014, primarily due to lower compensation related costs.

Interest Expense, Net

Interest expense, net decreased \$0.3 million to \$0.6 million for the three months ended April 5, 2015 compared to \$0.9 million for the three months ended March 30, 2014. This change in interest expense was primarily due to lower outstanding debt balances and associated interest rates during the period.

Other (Income) Expense, Net

Other income, net was \$0.5 million for the three months ended April 5, 2015 and March 30, 2014, respectively.

Provision for Income Taxes

The effective tax rate was 25.4% for the quarter ended April 5, 2015 compared to 28.5% for the same period of 2014. The tax rate in the quarter ended April 5, 2015 was lower primarily due to additional tax reserves recorded in 2014.

Liquidity and Capital Resources

Our liquidity needs arise primarily from capital investment in machinery, equipment and the improvement of facilities, funding working capital requirements to support business growth initiatives, restructuring actions, acquisitions, dividend payments, pension funding obligations and debt service costs. We have historically generated cash from operations and believe we remain in a strong financial position, with resources available for reinvestment in existing businesses, strategic acquisitions and managing our capital structure on a short and long-term basis.

The following table summarizes our cash flow activities for the three months ended April 5, 2015 (in thousands):

Cash flow provided by (used in):

Operating activities	\$	(16,432)
Investing activities		776
Financing activities		8,336
Effect of exchange rates on cash and cash equivalents		(10,083)
Decrease in cash and cash equivalents	\$	<u>(17,403)</u>

During the three months ended April 5, 2015, we used \$16.4 million of cash from operating activities compared to \$17.1 million generated during the same period in 2014. The \$33.5 million year over year increase in cash usage was primarily driven by a \$27.6 million net increase usage of operating assets and liabilities and \$5.0 million decrease in net income. We utilized \$18.7 million to acquire inventory during the first quarter of 2015 compared to generating \$0.2 million during the first quarter of 2014. In addition, we utilized \$15.3 million to pay accounts payable and accrued expenses during the first quarter of 2015 compared to increasing accounts payable and accrued expenses of \$6.9 million during the first quarter of 2014.

During the three months ended April 5, 2015, we generated \$0.8 million from investing activities as compared to usage of \$2.7 million during the same period in 2014. The \$3.5 million year over year increase in cash generated was primarily driven by \$2.8 million of proceeds from divestitures and a \$0.7 million reduction in property, plant, and equipment purchases.

During the three months ended April 5, 2015, we generated \$8.3 million for financing activities as compared to \$6.3 million during the same period in 2014. The \$2.0 million year over year increase in cash generated was primarily related to our net borrowing activity as we increased debt by \$19.1 million, offset by purchases of our common stock of \$16.7 million. Total debt as a percentage of total shareholders' equity was 8.1% as of April 5, 2015 compared to 2.8% as of December 31, 2014.

On July 31, 2014, we entered into a new five year unsecured credit agreement ("Credit Agreement"), that provides for a \$400 million revolving line of credit. The Credit Agreement includes a \$200 million accordion feature for a maximum facility size of \$600 million subject to our compliance with certain terms and conditions. The Credit Agreement also allows for additional indebtedness not to exceed \$110 million. We anticipate using the Credit Agreement to fund potential acquisitions, to support our operational growth initiatives and working capital needs, and for general corporate purposes. As of April 5, 2015, we had borrowings of \$28.9 million outstanding under the Credit Agreement and \$49.8 million outstanding under letters of credit.

Certain of our loan agreements contain covenants that require, among other items, maintenance of certain financial ratios and also limit our ability to: enter into secured and unsecured borrowing arrangements; issue dividends to shareholders; acquire and dispose of businesses; invest in capital equipment; transfer assets among domestic and international entities; participate in certain higher yielding long-term investment vehicles; and issue additional shares of our stock. The two primary financial covenants are leverage ratio and interest coverage ratio. We were in compliance with all financial covenants related to our existing debt obligations on April 5, 2015 and we believe it is reasonably likely that we will continue to meet such covenants in the near future.

On December 18, 2014, our Board of Directors authorized a share repurchase program of up to \$75 million of our outstanding common stock. During the three months ended April 5, 2015, we had purchased 301,647 shares of common stock for \$16.7 million under this share repurchase plan. We utilized our Credit Agreement to pay for the repurchased shares.

The ratio of current assets to current liabilities was 3.06:1 as of April 5, 2015 compared to 2.73:1 at December 31, 2014. The increase in the current ratio was primarily due to a \$20.0 million decrease in accounts payable and accrued expenses as of April 5, 2015 as compared to December 31, 2014.

As of April 5, 2015, cash and cash equivalents totaled \$103.9 million, of which approximately \$103.4 million was held in foreign bank accounts. This compares to \$121.3 million of cash and cash equivalents as of December 31, 2014, substantially all of which was held in foreign bank accounts. The cash and cash equivalents located at our foreign subsidiaries may not be repatriated to the United States ("U.S.") or other jurisdictions without significant tax implications. We believe that our U.S. based subsidiaries, in the aggregate, will generate positive operating cash flows and in addition we may utilize our Credit Agreement for U.S. based subsidiary cash needs. As a result, we believe that we will not need to repatriate cash from our foreign subsidiaries with earnings that are indefinitely reinvested.

In 2015, we expect to generate positive cash flow from operating activities sufficient to support our capital expenditures and pay dividends of approximately \$2.7 million based on our current dividend practice of paying \$0.15 per share annually. Based on our expected cash flows from operations and contractually available borrowings under our Credit Agreement, we expect to have sufficient liquidity to fund working capital needs and future growth. We continue to search for strategic acquisitions; a larger acquisition may require additional borrowings and/or the issuance of our common stock. See Subsequent Events in Note 14 of the condensed consolidated financial statements for more details on our Q2 2015 acquisition.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that is material to investors.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

The Oil & Gas markets historically have been subject to cyclicalities depending upon supply and demand for crude oil, its derivatives and natural gas. When oil or gas prices decrease, expenditures on maintenance and repair decline rapidly and outlays for exploration and in-field drilling projects decrease and, accordingly, demand for valve products is reduced. However, when oil and gas prices rise, maintenance and repair activity and spending for facilities projects normally increase and we benefit from increased demand for valve products. However, oil or gas price increases may be considered temporary in nature or not driven by customer demand and, therefore, may result in longer lead times for increases in petrochemical sales orders. As a result, the timing and magnitude of changes in market demand for oil and gas valve products are difficult to predict. Similarly, although not to the same extent as the Oil & Gas markets, the general industrial, chemical processing, aerospace, military and maritime markets have historically experienced cyclical fluctuations in demand. These fluctuations may have a material adverse effect on our business, financial condition or results of operations.

Foreign Currency Exchange Risk

The Company is exposed to certain risks relating to its ongoing business operations including foreign currency exchange rate risk and interest rate risk. For additional information regarding our foreign currency exchange risk refer to Note 8 to the condensed consolidated financial statements included in this Quarterly Report, which disclosure is incorporated by reference herein.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively), has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, our principal executive officer and principal financial officer have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were designed and were effective to give reasonable assurance that information required to be disclosed in reports that we file or submit under the Securities Exchange Act of 1934 is accumulated and communicated to management, including our principal

executive and financial officers, to allow timely decisions regarding required disclosure and that such information is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms.

Changes in Internal Controls over Financial Reporting

We have made no changes in our internal controls over financial reporting during the quarter ended April 5, 2015 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For information regarding our legal proceedings refer to the first two paragraphs of Note 10 to the condensed consolidated financial statements included in this Quarterly Report, for which disclosure is referenced herein.

ITEM 1A. RISK FACTORS

We have not identified any material changes from the risk factors as previously disclosed in Item 1A to Part I of our Annual Report on Form 10-K for the year ended December 31, 2014.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Working Capital Restrictions and Limitations upon Payment of Dividends

Certain of our loan agreements contain covenants that require, among other items, maintenance of certain financial ratios and also limit our ability to: enter into secured and unsecured borrowing arrangements; issue dividends to shareholders; acquire and dispose of businesses; invest in capital equipment; transfer assets among domestic and international entities; participate in certain higher yielding long-term investment vehicles; and issue additional shares of our stock. The two primary financial covenants are leverage ratio and interest coverage ratio. We were in compliance with all covenants related to our existing debt obligations at April 5, 2015 and December 31, 2014. We believe it is reasonably likely that we will continue to meet such covenants in the near future.

Share Repurchase Plan

The following table provides information about our repurchase of our common stock during the quarter ended April 5, 2015.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program
March 1st - April 5th	301,647	55.30	301,647
For the quarter ended	301,647	55.30	301,647

We repurchased shares under a program announced on December 18, 2014, which authorizes the Company to repurchase up to \$75 million of the Company's outstanding common stock. 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 and Exchange Act of 1934, as amended. We initiated our repurchase program on March 16, 2015. Through April 24, 2015 we purchased 623,828 shares of common stock for \$34.9 million under this share repurchase plan.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Description and Location
10.1§*	Amended Performance-Based Restricted Stock Unit Agreement, dated as of April 9, 2013, between the Company and Scott A. Buckhout
10.2§*	Executive Change of Control Agreement, dated as of March 5, 2015, between CIRCOR International, Inc. and Erik Wiik.
31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32**	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following financial statements from CIRCOR International, Inc.'s Quarterly Report on Form 10-Q for the quarter ended April 5, 2015, as filed with the Securities and Exchange Commission on April 28, 2015, formatted in XBRL (eXtensible Business Reporting Language), as follows:
	(i) Condensed Consolidated Balance Sheets as of April 5, 2015 (unaudited) and December 31, 2014
	(ii) Condensed Consolidated Statements of Income for the three months ended April 5, 2015 and March 30, 2014 (unaudited)
	(iii) Condensed Consolidated Statements of Comprehensive Income for the three months ended April 30, 2015 and March 30, 2014 (unaudited)
	(iv) Condensed Consolidated Statements of Cash Flows for the three months ended April 5, 2015 and March 30, 2014 (unaudited)
	(v) Notes to the Condensed Consolidated Financial Statements (unaudited)
*	Filed with this report.
**	Furnished with this report.

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 thereunto duly authorized.

CIRCOR INTERNATIONAL, INC.

April 28, 2015

/s/ Scott A. Buckhout

Scott A. Buckhout
President and Chief Executive Officer
Principal Executive Officer

April 28, 2015

/s/ Rajeev Bhalla

Rajeev Bhalla
Executive Vice President, Chief Financial Officer
Principal Financial Officer

April 28, 2015

/s/ John F. Kober III

John F. Kober III
Vice President, Corporate Controller and Treasurer
Principal Accounting Officer

**PERFORMANCE-BASED RESTRICTED STOCK UNIT AGREEMENT
FOR EMPLOYEES AND DIRECTORS UNDER THE
CIRCOR INTERNATIONAL, INC.
AMENDED AND RESTATED 1999 STOCK OPTION AND INCENTIVE PLAN**

Name of Awardee: Scott A. Buckhout

Awardee Solium Number: TBD

Target Number of Performance Based Restricted Stock Units: 10,689 (the "Target Performance Based Award")

Award Date: April 9, 2013

Pursuant to the CIRCOR International, Inc. Amended and Restated 1999 Stock Option and Incentive Plan (the "Plan"), CIRCOR International, Inc. (the "Company") hereby grants to the Awardee named above, who is an officer, director or employee of the Company or any of its Subsidiaries, an award (the "Award") of Performance Based Restricted Stock Units ("RSUs") subject to the terms and conditions set forth herein and in the Plan.

1. Earned RSUs.

(a) The actual number of RSUs earned shall be determined by the level of achievement of the Company's goal for Adjusted Return on Invested Capital ("ROIC") and Adjusted Operating Margin ("AOM") for the 2015 Fiscal Year the ("Performance Period"). Fifty percent of the Target Performance Based Award will be based on the Performance Period ending ROIC ("ROIC Portion") and fifty percent will be based on the Performance Period ending AOM ("AOM Portion") and determined as follows:

(b) **ROIC Portion**

$$\text{ROIC Earned RSUs} = \text{ROIC Payout Percentage} \times \text{Target Performance Based Award} \times 50\%$$

The ROIC Portion "Payout Percentage" shall be determined based on the table below:

Performance Level	FY 2015 Ending ROIC	ROIC Payout Percentage
Threshold	11.2%	0.1%
Target	12.0%	100%
Maximum	12.9%	200%

No payout will be made if the Performance Period ending ROIC is below 11.2%. No payout will be made in excess of 200% under any circumstances. The Payout Percentage at performance levels between threshold and target and between target and maximum will be interpolated on a straight-line basis.

(c) **AOM Portion**

$$\text{AOM Earned RSUs} = \text{AOM Payout Percentage} \times \text{Target Performance Based Award} \times 50\%$$

The AOM Portion "Payout Percentage" shall be determined based on the table below:

Performance Level	FY 2015 Ending AOM	AOM Payout Percentage
Threshold	7.7%	0.1%
Target	8.7%	100%
Maximum	9.7%	200%

No payout will be made if the Performance Period ending AOM is below 7.7%. No payout will be made in excess of 200% under any circumstances. The Payout Percentage at performance levels between threshold and target and between target and maximum will be interpolated on a straight-line basis.

(d) FY 2015 ending ROIC and AOM are subject to the discretion of Compensation Committee review for one-time adjustments for certain extraordinary items, such as impact of material acquisitions (i.e. greater than 10% of CIRCOR assets) or divestitures, impairment of goodwill, non-recurring special items and impact of restructuring charges.

2. Vesting Schedule. Unless otherwise set forth in the Plan, no portion of this Award shall vest or be received until the later of three (3) years from the date of award or five business days after the Compensation Committee of the Company's Board of Directors has approved the payout calculations on account of the Performance Period. Compensation Committee approval is targeted for Q1 2016.

In the event of a Covered Transaction as defined in Section 3(c) of the Plan prior to the completion of the Performance Period, there shall be immediate vesting of that number of RSUs equaling the greater of (i) the Target Performance Based Award and (ii) that amount that is determined by applying Section 1 above except that the Performance Period shall be deemed to consist of that fiscal year that has been completed most recently prior to the Covered Transaction. If the Covered Transaction occurs following the completion of the performance period, there shall be immediate vesting of that number of RSUs determined in accordance with Section 1 above.

3. Deferral of Award.

(a) Each vested RSU entitles Awardee to receive one share of the Company's Common Stock (the "Stock") on the later of (i) the vesting date for such RSU or (ii) the end of the deferral period specified by Awardee. Any deferral period must be expressed as a number of whole years, not less than four (4), beginning on the Award Date. Such deferral election shall be made within 30 days of the Award Date. This deferral period will apply only to deferral elections made on the specific Deferral Election Form. In addition, any such deferral must apply to receipt of all shares of Stock underlying the entire vested Award; for example, a deferral period of seven (7) years would result in Awardee receiving shares of Stock underlying the entire vested Award seven (7) years from the Award Date regardless of the fact that the Earned RSUs may have vested at differing times. (If no deferral period is specified on the Deferral Election Form, Stock will be issued as soon as practicable upon vesting of the RSUs).

(b) Shares of Stock underlying the RSUs shall be issued and delivered to Awardee in accordance with paragraph (a) and upon compliance to the satisfaction of the Committee with all requirements under applicable laws or regulations in connection with such issuance and with the requirements hereof and of the Plan. The determination of the Committee as to such compliance shall be final and binding on Awardee.

(c) Until such time as shares of Stock have been issued to Awardee pursuant to paragraph (b) above, and except as set forth in paragraph (d) below regarding dividends and dividend equivalents, Awardee shall not have any rights as a holder of the shares of Stock underlying this Award including but not limited to voting rights.

(d) Until such time as RSUs have vested pursuant to the terms hereof, dividend equivalents shall be accrued with respect to each share of Stock underlying the RSUs such that, upon vesting of such RSUs, all dividend equivalents so accrued (without interest) shall be paid in cash to Awardee. In addition, with respect to RSUs which have vested but have not been converted into shares of Stock pursuant to a valid deferral election by Awardee, dividends on the shares of Stock underlying such RSUs shall be paid in cash to Awardee upon declaration of such dividends as if Awardee were the owner of the underlying shares of Stock. Notwithstanding the foregoing, no dividends or dividend equivalents shall be accrued or paid for RSUs which are not earned under paragraph 1 above.

4. Termination of Employment or Other Business Relationship. If the Awardee's employment or other business relationship with the Company or a Subsidiary (as defined in the Plan) is terminated for any reason except as otherwise set forth in this Section 4, Awardee's right in any RSUs that are not vested shall automatically terminate upon the effective date of such termination of employment or other business relationship with the Company and its Subsidiaries and such RSUs shall be cancelled as provided within the terms of the Plan and shall be of no further force and effect.

a) Termination Due to Death. If the Awardee's employment terminates by reason of the Awardee's death, (excluding death by suicide), the outstanding Target Number of Performance-based RSUs shall become vested as of the date of death and the Company, within 90 days following the effective date of such termination shall issue all outstanding shares of Stock to Awardee (or Awardee's designated beneficiary or estate executor). In the event, however, that within such 90 day period, the Performance Period has been completed, then the number of Performance-based RSUs to be distributed shall be based on the actual results for the Performance Period as calculated in accordance with Section 1 and such distribution shall be made at such time as distribution is made to all other participants.

b) Termination Due to Disability. If the Awardee's employment terminates by reason of the Awardee's qualified disability, (an individual shall be considered disabled if such individual qualifies for receipt of long-term disability benefits under the long-term disability plan then in effect for the Company's employees), the outstanding Target Number of Performance-based RSUs shall become vested as of the date of disability and the Company, within 90 days following the effective date of such termination, shall issue all outstanding shares of Stock to Awardee. In the event, however, that within such 90 day period, the Performance Period has been completed, then the number of Performance-based RSUs to be distributed shall be based on the actual results for the Performance Period as calculated in accordance with Section 1 and such distribution shall be made at such time as distribution is made to all other participants.

c) Termination Due to Retirement. If the Awardee's employment is terminated by reason of the Awardee's early or normal retirement, (as defined in the Company's Defined Benefit Pension Plan), Awardee will be entitled to that number of earned RSUs Awardee would have achieved under Section 1 but for such retirement, multiplied by a fraction that is equal to the number of completed fiscal months that the Awardee was employed by the Company after the Award date divided by thirty six. The shares underlying such RSUs will be distributed as contemplated under Section 2 above. Stock shall not be issued with respect to any vested RSUs for which valid deferral elections have been made until the deferral dates set forth in such deferral elections.

d) Termination for Cause. If the Awardee's employment terminates for Cause (as defined below), all unvested RSUs shall terminate immediately and be of no further force and effect. For purposes hereof, unless otherwise provided in an employment agreement between the Company and the Awardee, a termination of employment for "Cause" shall mean, the occurrence of one or more of the following: (i) the Awardee is convicted of, pleads guilty to, or confesses to any felony or any act of fraud, misappropriation or embezzlement which has an immediate and materially adverse effect on the Company or any Subsidiary, as determined by the Administrator (as defined by the Plan) in good faith in its sole discretion; (ii) the Awardee engages

in a fraudulent act to the material damage or prejudice of the Company or any Subsidiary or in conduct or activities materially damaging to the property, business or reputation of the Company or any Subsidiary, all as determined by the Administrator in good faith in its sole discretion; (iii) any material act or omission by the Awardee involving malfeasance or negligence in the performance of the Awardee's duties to the Company or any Subsidiary to the material detriment of the Company or any Subsidiary, as determined by the Administrator in good faith in its sole discretion, which has not been corrected by the Awardee within thirty (30) days after written notice from the Company of any such act or omission; (iv) failure by the Awardee to comply in any material respect with any written policies or directives of the Company as determined by the Administrator in good faith in its sole discretion, which has not been corrected by the Awardee within ten (10) days after written notice from the Company of such failure; or (v) material breach by the Awardee of any non-competition, non-solicitation, confidentiality or similar agreements between the Awardee and the Company as determined by the Administrator in good faith in its sole discretion.

e) Termination without Cause. If the Awardee's employment is terminated by the Company without Cause and unless otherwise determined by the Administrator, any portion of this Award that is not vested by time of such termination shall terminate immediately and be of no further force and effect.

f) Termination of Employment by Awardee. If the Awardee terminates his or her employment, this Award shall terminate immediately upon notice by the Awardee of such termination and be of no further force and effect.

g) Miscellaneous. The Administrator's determination of the reason for termination of the Awardee's employment shall be conclusive and binding on the Awardee and his or her representatives or legatees.

5. Clawback Provision. Anything in this Agreement to the contrary notwithstanding, the Awardee hereby acknowledges and agrees that any compensation payable under this Agreement is subject to any clawback policy of the Company currently in effect or adopted in the future providing for the recovery of erroneously awarded incentive compensation in the event the Company is required to prepare an accounting restatement ("Restatement") due to the material noncompliance of the Company with any financial reporting requirements under the securities laws, and the Awardee hereby agrees to repay the Company to the extent required by such clawback policy of the Company. Unless otherwise determined by the Company, in the event that any such Restatement with respect to the Performance Period becomes necessary within three (3) years of the date on which the Company has filed its Annual Report on Form 10-K for the 2015 fiscal year, the amount of the Award shall be reduced to that number of RSUs to which Awardee would have been entitled based on what the Awardee's actual achievement would have been after giving effect to such Restatement and the Awardee shall be obligated to return to the Company (at Awardee's option) either (i) that number of shares of stock issued on account of such RSUs that would not have been earned after giving effect to such Restatement, or (ii) cash equaling the number of such shares times the closing price of the Company's common stock on the date immediately preceding the date such shares vested.

6. Section 409A. Anything in this Agreement to the contrary notwithstanding, if at the time of the Awardee's "separation from service" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), the Company determines that the Awardee is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that the Awardee becomes entitled to under this Agreement would be considered deferred compensation subject to the 20 percent additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (A) six months and one day after the Awardee's separation from service, or (B) the Awardee's death.

7. **Incorporation of Plan.** Notwithstanding anything herein to the contrary, this Award shall be subject to and governed by all the terms and conditions of the Plan. Capitalized terms in this Agreement shall have the meaning specified in the Plan, unless a different meaning is specified herein.

8. **Transferability.** This Agreement is personal to Awardee, is non-assignable and is not transferable in any manner, by operation of law or otherwise, other than by will or the laws of descent and distribution. This Award is available, during Awardee's lifetime, only to Awardee, and thereafter, only to Awardee's designated beneficiary.

9. **Tax Withholding.** For Circor employees, the Company is authorized to satisfy the minimum tax withholding obligation by withholding from shares of Stock to be issued a number of shares of Stock with an aggregate Fair Market Value that would satisfy the minimum required tax withholding amount due. For Circor directors, the gross number of shares will be distributed and the director will be required to make necessary tax payments.

10. **Non-Compete/Non-Solicitation Agreement.** Awardee is receiving the Award provided for herein in part because the Company has determined that Awardee is a key contributor to the continued success of the Company. As such, Awardee is privy to certain proprietary information which the Company considers to be competition sensitive. The Company, therefore, would be materially harmed were Awardee to leave the Company and perform services on behalf of a competitor or if the Awardee were to solicit (i) customers to do business with a competitor of the Company or (ii) employees of the Company to leave the Company. Accordingly, in consideration of Awardee's receipt of the Award, Awardee covenants and agrees that, for a period of two (2) years following the termination of Awardee's affiliation with the Company (whether as an employee or non-employee director), Awardee shall not, anywhere in the world, own, manage, operate, join, control, promote, invest or participate in or be connected with in any capacity (either as an employee, employer, trustee, consultant, agent, principal, partner, corporate officer, director, creditor, owner or shareholder or in any other individual or representative capacity) with any business individual, partnership, firm, corporation or other entity which is engaged wholly or partly in the design, manufacture, development, distribution, marketing or sales of any products which compete with the Company's then current lines of business for which Awardee, during the two year period immediately preceding termination of affiliation with the Company, had managerial responsibility or otherwise provided regular services. Awardee agrees that this provision is reasonable in view of the relevant market for the Company's products and services and that any breach hereof would result in continuing and irreparable harm to the Company. The foregoing, however, shall not prevent Awardee from making passive investments in a competitive enterprise whose shares are publicly traded if such investment constitutes less than five percent (5%) of such enterprise's outstanding capital stock. In addition, Awardee, for a period of two years following the termination of Awardee's affiliation with the Company shall not directly or indirectly (1) induce, solicit, request or advise any Customers (as defined below) to patronize any business which competes with any business of the Company for which Awardee either (a) has had any management responsibility, (b) has otherwise provided regular services during his affiliation with Company, or (c) has had access to confidential or proprietary information; or (2) entice, solicit, request or advise any employee of the Company to leave the Company's employment or to otherwise accept employment (or other affiliation) with any person, firm or business with which Awardee has an employment or consulting relationship. As used above, "Customers" mean all customers of any such business of the Company. Notwithstanding the provisions of this paragraph 10, if Awardee is an employee or resident of a state in which non-compete provisions of the type set forth in this paragraph 10 are not enforceable, then the non-compete provisions of this paragraph 10 shall not apply; the non-solicitation provisions of this paragraph 10, however, shall continue to apply. In addition, in the event that a court of competent jurisdiction determines that any of the restrictions set forth in this paragraph 10 are impermissible in scope and/or duration, Awardee and the Company intend that such court shall revise such scope and/or duration as the court deems reasonable rather than invalidating any such restrictions.

11. **Effect of Other Agreements.** If Awardee is a party to any other agreement with the Company and any provisions set forth in such employment agreement conflict with the provisions set forth in this Performance-Based Restricted Stock Unit Award Agreement, the provisions set forth in such employment agreement shall override such conflicting provisions set forth herein.

12. Miscellaneous.

(a) Notice hereunder shall be given to the Company at its principal place of business, and shall be given to Awardee at the address set forth below, or in either case at such other address as one party may subsequently furnish to the other party in writing.

(b) This Award does not confer upon Awardee any rights with respect to continuance of employment by the Company or any Subsidiary.

(c) Pursuant to Section 14 of the Plan, the Committee may at any time amend or cancel any outstanding portion of this Award, but no such action may be taken which adversely affects Awardee's rights under this Agreement without Awardee's consent.

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CIRCOR INTERNATIONAL, INC.

By: /s/ Wayne Robbins

Wayne Robbins

Title: **Acting President and CEO**

The foregoing Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned.

Date: April 9, 2013 /s/ Scott A. Buckhout

Name: Scott A. Buckhout

This Restricted Stock Unit ("RSU") Award Agreement Deferral Election Form ("Deferral Election Form") is entered into by and between CIRCOR International, Inc. (the "Company") and Awardee, who is an eligible employee of the Company or any of its subsidiaries in the CIRCOR International, Inc. Amended and Restated 1999 Stock Option and Incentive Plan (the "Plan"). The Plan provisions are incorporated herein by reference in their entirety and supersede any conflicting provisions contained in this Deferral Election Form. Neither this Deferral Election Form nor the Plan shall be construed as giving Awardee any right to continue to be employed by or perform services for the Company or any subsidiary or affiliate thereof. This deferral election is effective for this award only.

1. Deferral of Performance-Based Restricted Stock Units

Awardee will be fully vested in each RSU as defined by the vesting schedule in Section 2 of the Performance-Based Restricted Stock Unit Agreement. Each vested RSU entitles Awardee to receive one share of the Company's Common Stock (the "Stock") on the later of (i) the vesting date for such RSU or (ii) the end of the deferral period specified by Awardee. Any deferral period must be expressed as a number of whole years, not less than Four (4), beginning on the Award Date. Such deferral election shall be made within 30 days of the Award Date. This deferral period will apply only to deferral elections made on the specific Deferral Election Form. In addition, any such deferral must apply to receipt of all shares of Stock underlying the entire Award; for example, a deferral period of seven (7) years would result in Awardee receiving shares of Stock underlying the entire Award seven (7) years from the Award Date regardless of the fact that the RSUs may have vested at differing times. (If no deferral period is specified on the Deferral Election Form, Stock will be issued as soon as practicable upon vesting of the RSUs).

I wish to defer receipt of all shares until _____ years (minimum of 4) after the Award Date.

2. Designation of Beneficiary (Optional)

Awardee may designate a beneficiary to receive payments or shares of Stock in the event of Awardee's death. Awardee may designate his or her beneficiaries on line within their Solium account under the "Personal Profiles and Passwords" tab.

NOTE: This beneficiary designation will apply to Awardee's entire interest in the Plan, revoking any prior beneficiary designation. However, if Awardee does not designate a beneficiary, Awardee's prior beneficiary designation (if any) will remain in effect. An Awardee may change or revoke his or her beneficiary designation at any time within their Solium account as noted above.

3. Effective Date of Election

This Deferral Election Form must be received by the Company no later than **May 9, 2013** and will become irrevocable on such date. Awardee may revise this Restricted Stock Unit Award Agreement with respect to the deferral period no later than such due date, by contacting the Vice President, Corporate Controller of the Company.

CIRCOR INTERNATIONAL, INC.

AWARDEE

By: /s/ Wayne Robbins

By: /s/ Scott A. Buckhout

Name: Wayne Robbins Date:
Acting President and CEO

Name: Scott A. Buckhout Date:

EXECUTIVE CHANGE OF CONTROL AGREEMENT

This EXECUTIVE CHANGE OF CONTROL AGREEMENT ("Agreement") is made as of the 5th day of March 2015, between CIRCOR International, Inc., a Delaware corporation (the "Company"), and Erik Wiik ("Executive").

WHEREAS, the Company presently employs the Executive in which capacity the Executive serves as an officer of the Company; and

WHEREAS, the Board of Directors of the Company (the "Board") recognizes the valuable services rendered to the Company and its respective affiliates by the Executive; and

WHEREAS, the Board has determined that it is in the best interests of the Company and its affiliates to encourage in advance the continued loyalty of the Executive as well as the Executive's continued attention to his assigned duties and objectivity in the event of a threatened or possible change in control of the Company;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Definitions.** For purposes of this Agreement, the following terms shall have the following meanings:

"Cause" shall mean: (a) conduct by Executive constituting a material act of willful misconduct in connection with the performance of his duties, including, without limitation, misappropriation of funds or property of the Company or any of its affiliates other than the occasional, customary and de minimus use of Company property for personal purposes; (b) criminal or civil conviction of Executive, a plea of nolo contendere by Executive or conduct by Executive that would reasonably be expected to result in material injury to the reputation of the Company if he were retained in his position with the Company, including, without limitation, conviction of a felony involving moral turpitude; (c) continued, willful and deliberate non-performance by Executive of his duties hereunder (other than by reason of Executive's physical or mental illness, incapacity or disability) which has continued for more than thirty (30) days following written notice of such non-performance from the Chairman of the Board; or (d) a violation by Executive of the Company's employment policies which has continued following written notice "of such violation from the Chairman of the Board.

"Change in Control" shall mean any of the following:

(a) Any "person," as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Act") (other than the Company, any of its subsidiaries, or any trustee, fiduciary or other person or entity holding securities under any employee benefit plan or trust of the Company or any of its subsidiaries), together with all "affiliates" and "associates" (as such terms are defined in Rule 12b-2 under the Act) of such person, shall become the "beneficial owner" (as such term is defined in Rule 13d-3 under the

Act), directly or indirectly, of securities of the Company representing twenty-five percent (25%) or more of either (A) the combined voting power of the Company's then outstanding securities having the right to voice in an election of the Company's Board ("Voting Securities") or (B) the then outstanding shares of Company's common stock, par value \$0.01 per share ("Common Stock") (other than as a result of an acquisition of securities directly from the Company); or

(b) Incumbent Directors (as defined below) cease for any reason, including, without limitation, as a result of a tender offer, proxy contest, merger or similar transaction, to constitute at least a majority of the Board; or

(c) The stockholders of the Company shall approve (A) any consolidation or merger of the Company where the stockholders of the Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Act), directly or indirectly, shares representing in the aggregate fifty percent (50%) or more of the voting shares of the Company or other party issuing cash or securities in the consolidation or merger (or of its ultimate parent corporation, if any), (B) any sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the assets of the Company or (C) any plan or proposal for the liquidation or dissolution of the Company.

Notwithstanding the foregoing, a "Change of Control" shall not be deemed to have occurred for purposes of the foregoing clause (a) solely as the result of an acquisition of securities by the Company which, by reducing the number of shares of Common Stock or other Voting Securities outstanding, increases the proportionate number of shares beneficially owned by any person to twenty-five percent (25%) or more of either (A) the combined voting power of all of the then outstanding Voting Securities or (B) Common Stock; provided, however, that if any person referred to in this sentence shall thereafter become the beneficial owner of any additional shares of Voting Securities or Common Stock (other than pursuant to a stock split, stock dividend, or similar transaction or as a result of an acquisition of securities directly from the Company) and immediately thereafter beneficially owns twenty-five percent (25%) or more of either (A) the combined voting power of all of the then outstanding Voting Securities or (B) Common Stock, then a "Change of Control" shall be deemed to have occurred for purposes of the foregoing clause (a).

"**Good Reason**" shall mean that Executive has complied with the "Good Reason Process" (hereinafter defined) following the occurrence of any of the following events: (a) a material diminution in the Executive's responsibilities, authority or duties; (b) a material diminution in the Executive's Base Salary except for across-the-board salary reductions based on the Company's financial performance similarly affecting all or substantially all senior management employees of the Company; (c) a material change in the geographic location at which the Executive provides services to the Company, provided that such change shall be more than thirty (30) miles from such location; or (d) the material breach of this Agreement by the Company. "Good Reason Process" shall mean that (i) Executive reasonably determines in good faith that a "Good Reason" event has occurred; (ii) Executive notifies the Company in writing of

the occurrence of the Good Reason event within sixty (60) days of the occurrence of such event; (iii) Executive cooperates in good faith with the Company's efforts, for a period not less than ninety (90) days following such notice, to modify Executive's employment situation in a manner acceptable to Executive and Company; and (iv) notwithstanding such efforts, one or more of the Good Reason events continues to exist and has not been modified in a manner acceptable to Executive. If the Company cures the Good Reason event in a manner acceptable to Executive during the ninety (90) day period, Good Reason shall be deemed not to have occurred.

"Incumbent Directors" shall mean persons who, as of the Commencement Date, constitute the Board; provided that any person becoming a director of the Company subsequent to the Commencement Date shall be considered an Incumbent Director if such person's election was approved by or such person was nominated for election by a vote of at least a majority of the Incumbent Directors; but provided further, that any such person whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of members of the Board or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board, including by reason of agreement intended to avoid or settle any such actual or threatened contest or solicitation, shall not be considered an Incumbent Director.

2. **Term.** The term of this Agreement shall extend from the date hereof (the "Commencement Date") until the first anniversary of the Commencement Date; provided, however, that the term of this Agreement shall automatically be extended for one additional year on the first anniversary of the Commencement Date and each anniversary thereafter unless, not less than 90 days prior to each such date, either party shall have given notice to the other that it does not wish to extend this Agreement; provided, further, that if a Change in Control occurs during the original or extended term of this Agreement, the term of this Agreement shall continue in effect for a period of not less than twelve (12) months beyond the month in which the Change in Control occurred.

3. **Change in Control Payment.** The provisions of this Paragraph 3 set forth certain terms of an agreement reached between Executive and the Company regarding Executive's rights and obligations upon the occurrence of a Change in Control of the Company. These provisions are intended to assure and encourage in advance Executive's continued attention and dedication to his assigned duties and his objectivity during the pendency and after the occurrence of any such event. These provisions shall terminate and be of no further force or effect beginning twelve (12) months after the occurrence of a Change of Control.

(a) **Change in Control.**

(i) If within twelve (12) months after the occurrence of the first event constituting a Change in Control, Executive's employment is terminated by the Company without Cause as defined in Section 1 or Executive terminates his employment for Good Reason as provided in Section 1, then the Company shall pay Executive a lump sum in cash in an amount equal to two (2) times the sum of (A) Executive's current Base Salary plus (B) Executive's current target annual incentive compensation under the Company's Executive Bonus Incentive Plan ("Target Bonus Opportunity"). Such lump sum cash

payment shall be paid to Executive within thirty (30) days following the date of termination of Executive's employment; and

(ii) Notwithstanding anything to the contrary in any applicable option agreement or stock-based award agreement, and except as set forth in paragraph (iii) below regarding the performance-based stock option award granted to Executive in connection with the commencement of his employment with the Company, upon a Change in Control, all stock options and other stock-based awards granted to Executive by the Company shall immediately accelerate and become exercisable or non-forfeitable as of the effective date of such Change in Control. In addition, all restricted stock units held by the Executive pursuant to the Management Stock Purchase Plan shall become fully vested upon a Change of Control and the Executive shall be entitled to receive the shares of stock represented by such restricted stock units. Executive shall also be entitled to any other rights and benefits with respect to stock-related awards, to the extent and upon the terms, provided in the employee stock option or incentive plan or any agreement or other instrument attendant thereto pursuant to which such options or awards were granted; and

(iii) With respect to the performance-based stock option award granted to Executive in connection with the commencement of his employment with the Company, upon a Change of Control, the performance-based stock options subject to such award shall vest only to the extent set forth in the "Performance-Based Stock Option Agreement" covering such award; and

(iv) The Company shall, for a period of two (2) years commencing on the date of termination of Executive's employment, pay such health insurance premiums as may be necessary to allow Executive, Executive's spouse and dependents to continue to receive health insurance coverage substantially similar to the coverage they received prior to the date of termination of Executive's employment.

(b) **Additional Limitation.**

(i) Anything in this Agreement to the contrary notwithstanding, in the event that any compensation, payment or distribution by the Company to or for the benefit of Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the "Severance Payments"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), the following provisions shall apply:

(A) If the Severance Payments, reduced by the sum of (1) the Excise Tax and (2) the total of the Federal, state and local income and employment taxes payable by Executive on the amount of the Severance Payments which are in excess of the Threshold Amount, are greater than or equal to the Threshold Amount, Executive shall be entitled to the full benefits payable under this Agreement.

(B) If the Threshold Amount is less than (x) the Severance Payments, but greater than (y) the Severance Payments reduced by the sum of (1) the Excise Tax and (2) the total of the Federal, state, and local income and employment taxes on the amount of the Severance Payments which are in excess of the Threshold Amount, then the benefits payable under this Agreement shall be reduced (but not below zero) to the extent necessary so that the maximum Severance Payments shall not exceed the Threshold Amount. To the extent that there is more than one method of reducing the payments to bring them within the Threshold Amount, the Severance Payments shall be reduced in the following order: (i) cash payments not subject to Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”); (ii) cash payments subject to Section 409A of the Code; (iii) equity-based payments; and (iv) non-cash form of benefits. To the extent any payment is to be made over time (e.g., in installments), then the payments shall be reduced in reverse chronological order.

For the purposes of this Paragraph 3, “Threshold Amount” shall mean three times Executive’s “base amount” within the meaning of Section 280G(b)(3) of the Code and the regulations promulgated thereunder less one dollar (\$1.00); and “Excise Tax” shall mean the excise tax imposed by Section 4999 of the Code, and any interest or penalties incurred by Executive with respect to such excise tax.

(ii) The determination as to which of the alternative provisions of Paragraph 3(b)(i) shall apply to Executive shall be made by KPMG LLP or any other nationally recognized accounting firm selected by the Company (the “Accounting Firm”), which shall provide detailed supporting calculations both to the Company and Executive within 15 business days of the date of termination of Executive’s employment, if applicable, or at such earlier time as is reasonably requested by the Company or Executive. For purposes of determining which of the alternative provisions of Paragraph 3(b)(i) shall apply, Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation applicable to individuals for the calendar year in which the determination is to be made, and state and local income taxes at the highest marginal rates of individual taxation in the state and locality of Executive’s residence on the date of termination of Executive’s employment, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. Any determination by the Accounting Firm shall be binding upon the Company and Executive.

4. **Unauthorized Disclosures.** Executive acknowledges that in the course of his employment with the Company (and, if applicable, its predecessors), he has been allowed to become, and will continue to be allowed to become, acquainted with the Company’s and the Company’s business affairs, information, trade secrets, and other matters which are of a proprietary or confidential nature, including but not limited to the Company’s and its affiliates’ and predecessors’ operations, business opportunities, price and cost information, finance, customer information, business plans, various sales techniques, manuals, letters, notebooks, procedures, reports, products, processes, services, and other confidential information and

knowledge (collectively the “Confidential Information”) concerning the Company’s and its affiliates’ and predecessors’ business. The Company agrees to provide on an ongoing basis such Confidential Information as the Company deems necessary or desirable to aid Executive in the performance of his duties. Executive understands and acknowledges that such Confidential Information is confidential, and he agrees not to disclose such Confidential Information to anyone outside the Company except to the extent that (i) Executive deems such disclosure or use reasonably necessary or appropriate in connection with performing his duties on behalf of the Company, (ii) Executive is required by order of a court of competent jurisdiction (by subpoena or similar process) to disclose or discuss any Confidential Information, provided that in such case, Executive shall promptly inform the Company of such event, shall cooperate with the Company, as appropriate, in attempting to obtain a protective order or to otherwise restrict such disclosure, and shall only disclose Confidential Information to the minimum extent necessary to comply with any such court order; (iii) such Confidential Information becomes generally known to and available for use in the Company’s industry (the “Fluid-Control Industry”), other than as a result of any action or inaction by Executive; or (iv) such information has been rightfully received by a member of the Fluid-Control Industry or has been published in a form generally available to the Fluid-Control Industry prior to the date Executive proposes to disclose or use such information. Executive further agrees that he will not during employment and/or at any time thereafter use such Confidential Information in competing, directly or indirectly, with the Company. At such time as Executive shall cease to be employed by the Company, he will immediately turn over to the Company all Confidential Information, including papers, documents, writings, electronically stored information, other property, and all copies of them provided to or created by him during the course of his employment with the Company. The provisions of this Paragraph 4 shall survive termination of this Agreement for any reason.

5. ***Covenant Not to Compete.*** In consideration of the benefits afforded the Executive under the terms provided in this Agreement and as a means to aid in the performance and enforcement of the terms of the provisions of Paragraph 4, Executive agrees that

(a) during the term of Executive’s employment with the Company and for a period of twelve (12) months thereafter, regardless of the reason for termination of employment, Executive will not, directly or indirectly, as an owner, director, principal, agent, officer, employee, partner, consultant, servant, or otherwise, carry on, operate, manage, control, or become involved in any manner with any business, operation, corporation, partnership, association, agency, or other person or entity which is engaged in a business that is competitive with any of the Company or its affiliate’s businesses or products as of the date of Executive’s termination of employment with the Company, in any area or territory in which the Company or any affiliate of the Company conducts operations; provided, however, that the foregoing shall not prohibit Executive from owning up to one percent (1%) of the outstanding stock of a publicly held company engaged in the Fluid-Control Industry; and

(b) during the term of Executive’s employment with the Company and for a period of twelve (12) months thereafter, regardless of the reason for termination of employment, Executive will not directly or indirectly solicit or induce any present or future employee of the Company or any affiliate of the Company to accept employment with Executive or with any

business, operation, corporation, partnership, association; agency, or other person or entity with which Executive may be associated, and Executive will not employ or cause any business, operation, corporation, partnership, association, agency, or other person or entity with which Executive may be associated to employ any present or future employee of the Company or affiliate of the Company without providing the Company or the affiliate, as appropriate, with ten (10) days' prior written notice of such proposed employment.

Should Executive violate any of the provisions of this Paragraph, then in addition to all other rights and remedies available to the Company at law or in equity, the duration of this covenant shall automatically be extended for the period of time from which Executive began such violation until he permanently ceases such violation.

6. **Notice.** For purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

Erik Wiik

At his home address as shown
in the Company's personnel records;

If to the Company:

CIRCOR International, Inc.
30 Corporate Drive, Suite 200
Burlington, MA 01803
Attention: Board of Directors of CIRCOR International, Inc.

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

7. **Not an Employment Contract.** This Agreement is intended only to provide those benefits for the Executive as set forth in Paragraph 3 in connection with a Change of Control. As such, this Agreement is not intended to and does not in any way constitute an employment agreement or other contract which would cause the employee to be considered anything other than an employee at will or to in any way be entitled to any specific payments or benefits from the Company in the event of a termination of employment not subject to Paragraph 3 of this Agreement.

8. **Miscellaneous.** No provisions of this Agreement may be modified, waived, or discharged unless such waiver, modification, or discharge is agreed to in writing and signed by Executive and such officer of the Company as may be specifically designated by the Board. No waiver by either party hereto of or compliance with, any condition or provision of this

Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, unless specifically referred to herein, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. The validity, interpretation, construction, and performance of this Agreement shall be governed by the laws of the Commonwealth of Massachusetts (without regard to principles of conflicts of laws).

9. **Validity.** The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect. The invalid portion of this Agreement, if any, shall be modified by any court having jurisdiction to the extent necessary to render such portion enforceable.

10. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

11. **Arbitration; Other Disputes.** In the event of any dispute or controversy arising under or in connection with this Agreement, the parties shall first promptly try in good faith to settle such dispute or controversy by mediation under the applicable rules of the American Arbitration Association before resorting to arbitration. In the event such dispute or controversy remains unresolved in whole or in part for a period of thirty (30) days after it arises, the parties will settle any remaining dispute or controversy exclusively by arbitration in Boston, Massachusetts, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction. Notwithstanding the above, the Company shall be entitled to seek a restraining order or injunction in any court of competent jurisdiction to prevent any continuation of any violation of Paragraph 4 or 5 hereof.

12. **Litigation and Regulatory Cooperation.** During and after Executive's employment, Executive shall reasonably cooperate with the Company in the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company and/or any affiliate of the Company which relate to events or occurrences that transpired while Executive was employed by the Company; provided, however, that such cooperation shall not materially and adversely affect Executive or expose Executive to an increased probability of civil or criminal litigation. Executive's cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company and/or the Company at mutually convenient times. During and after Executive's employment, Executive also shall cooperate fully with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while Executive was employed by the Company. The Company shall also provide Executive with compensation on an hourly basis (to be derived from the sum of his Base Compensation and Target Bonus

Opportunity) for requested litigation and regulatory cooperation that occurs after his termination of employment, and reimburse Executive for all costs and expenses incurred in connection with his performance under this Paragraph 12, including, but not limited to, reasonable attorneys' fees and costs.

13. ***Gender Neutral.*** Wherever used herein, a pronoun in the masculine gender shall be considered as including the feminine gender unless the context clearly indicates otherwise.

14. **Section 409A.**

(a) Anything in this Agreement to the contrary notwithstanding, if at the time of the Executive's separation from service within the meaning of Section 409A of the Code, the Company determines that the Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that the Executive becomes entitled to under this Agreement on account of the Executive's separation from service would be considered deferred compensation subject to the 20 percent additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (A) six months and one day after the Executive's separation from service, or (B) the Executive's death.

(b) The parties intend that this Agreement will be administered in accordance with Section 409A of the Code. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A of the Code. The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(c) The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h).

(d) The Company makes no representation or warranty and shall have no liability to the Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

(e) All in-kind benefits provided and expenses eligible for reimbursement under this Agreement shall be provided by the Company or incurred by the Executive during the time periods set forth in this Agreement. All reimbursements shall be paid as soon as administratively practicable, but in no event shall any reimbursement be paid after the last day of the taxable year following the taxable year in which the expense was incurred. The amount of in-kind benefits provided or reimbursable expenses incurred in one taxable year shall not affect the in-kind benefits to be provided or the expenses eligible for reimbursement in any other taxable year. Such right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement effective on the date and year first above written.

CIRCOR International, Inc.

By: /s/ Scott A. Buckhout
Scott A. Buckhout
President & CEO

EXECUTIVE

/s/ Erik Wiik
Erik Wiik

[signature page to Executive Change of Control Agreement]

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Scott A. Buckhout, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CIRCOR International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 28, 2015

Signature: _____

/s/ Scott A. Buckhout

Scott A. Buckhout

President and Chief Executive Officer

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Rajeev Bhalla, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CIRCOR International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 28, 2015

Signature: _____

/s/ Rajeev Bhalla

Rajeev Bhalla

Executive Vice President, Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned officers, who are the Chief Executive Officer and Chief Financial Officer of CIRCOR International, Inc. (the “Company”), each hereby certifies to the best of his knowledge, that the Company’s quarterly report on Form 10-Q to which this certification is attached (the “Report”), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Scott A. Buckhout

Scott A. Buckhout
President and Chief Executive Officer
Principal Executive Officer

April 28, 2015

/s/ Rajeev Bhalla

Rajeev Bhalla
Executive Vice President, Chief Financial Officer
Principal Financial Officer

April 28, 2015