

**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 March 31, 2019

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 INTERNATIONAL, 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 every Interactive Data File required to be submitted 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 such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Emerging growth company	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. Yes No

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

Securities registered pursuant to Section 12 (b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	CIR	New York Stock Exchange

As of May 2, 2019, there were 19,898,153 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 and per share data)
(UNAUDITED)

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 73,619	\$ 68,517
Trade accounts receivable, less allowance for doubtful accounts of \$5,048 and \$6,735 at March 31, 2019 and December 31, 2018, respectively	188,500	183,552
Inventories	217,991	217,378
Prepaid expenses and other current assets	89,904	90,659
Assets held for sale	4,623	87,940
Total Current Assets	<u>574,637</u>	<u>648,046</u>
PROPERTY, PLANT AND EQUIPMENT, NET	198,148	201,799
OTHER ASSETS:		
Goodwill	460,995	459,205
Intangibles, net	422,302	441,302
Deferred income taxes	25,632	28,462
Other assets	37,620	12,798
TOTAL ASSETS	<u>\$ 1,719,334</u>	<u>\$ 1,791,612</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 122,277	\$ 123,881
Accrued expenses and other current liabilities	99,591	107,312
Accrued compensation and benefits	27,251	33,878
Current portion of long-term debt	—	7,850
Liabilities held for sale	—	11,141
Total Current Liabilities	<u>249,119</u>	<u>284,062</u>
LONG-TERM DEBT	733,666	778,187
DEFERRED INCOME TAXES	33,780	33,932
PENSION LIABILITY, NET	148,297	150,623
OTHER NON-CURRENT LIABILITIES	38,295	15,815
COMMITMENTS AND CONTINGENCIES (NOTE 11)		
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; 19,875,993 and 19,845,205 shares issued and outstanding at March 31, 2019 and December 31, 2018, respectively	212	212
Additional paid-in capital	442,568	440,890
Retained earnings	228,582	232,102
Common treasury stock, at cost (1,372,488 shares at March 31, 2019 and December 31, 2018)	(74,472)	(74,472)
Accumulated other comprehensive loss, net of tax	(80,713)	(69,739)
Total Shareholders' Equity	<u>516,177</u>	<u>528,993</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 1,719,334</u>	<u>\$ 1,791,612</u>

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

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

	Three Months Ended	
	March 31, 2019	April 1, 2018
Net revenues	\$ 270,395	\$ 275,580
Cost of revenues	196,526	199,276
GROSS PROFIT	73,869	76,304
Selling, general and administrative expenses	69,973	77,238
Special and restructuring (recoveries) charges, net	(7,816)	12,446
OPERATING INCOME (LOSS)	11,712	(13,380)
Other expense (income):		
Interest expense, net	13,179	11,801
Other income, net	(1,913)	(1,861)
TOTAL OTHER EXPENSE, NET	11,266	9,940
INCOME (LOSS) BEFORE INCOME TAXES	446	(23,320)
Provision for (benefit from) income taxes	5,079	(5,879)
NET LOSS	\$ (4,633)	\$ (17,441)
Loss per common share:		
Basic	\$ (0.23)	\$ (0.88)
Diluted	\$ (0.23)	\$ (0.88)
Weighted average number of common shares outstanding:		
Basic	19,870	19,806
Diluted	19,870	19,806

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	
	March 31, 2019	April 1, 2018
Net Loss	\$ (4,633)	\$ (17,441)
Other comprehensive (loss) income, net of tax:		
Foreign currency translation adjustments	(8,840)	8,341
Interest rate swap adjustments (1)	(2,134)	—
Other comprehensive (loss) income, net of tax	(10,974)	8,341
COMPREHENSIVE (LOSS) INCOME	\$ (15,607)	\$ (9,100)

(1) Net of an income tax effect of \$(0.6 million) for the three months ended March 31, 2019.

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	
	March 31, 2019	April 1, 2018
OPERATING ACTIVITIES		
Net loss	\$ (4,633)	\$ (17,441)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	5,944	7,334
Amortization	12,836	12,329
Bad debt expense	109	261
Loss on write down of inventory	3,368	963
Amortization of inventory fair value step-up	—	6,600
Compensation expense for share-based plans	1,432	1,365
Amortization of debt issuance costs	1,010	881
Loss on sale or write-down of property, plant and equipment	96	1,284
Gain on sale of business	(10,282)	—
Changes in operating assets and liabilities, net of effects of acquisition and disposition:		
Trade accounts receivable	(8,635)	22,038
Inventories	(3,452)	(14,850)
Prepaid expenses and other assets	2,881	(11,648)
Accounts payable, accrued expenses and other liabilities	(23,052)	(9,261)
Net cash used in operating activities	(22,378)	(145)
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(3,717)	(8,234)
Proceeds from the sale of property, plant and equipment	28	93
Proceeds from the sale of business, net	83,321	—
Net cash provided by (used in) investing activities	79,632	(8,141)
FINANCING ACTIVITIES		
Proceeds from long-term debt	87,400	71,950
Payments of long-term debt	(140,500)	(44,106)
Proceeds from the exercise of stock options	—	301
Return of cash to Fluid Handling Seller	—	(7,905)
Net cash (used in) provided by financing activities	(53,100)	20,240
Effect of exchange rate changes on cash, cash equivalents and restricted cash	957	956
(DECREASE) INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	5,111	12,910
Cash, cash equivalents, and restricted cash at beginning of period	69,525	112,293
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF PERIOD	\$ 74,636	\$ 125,203
Non-cash investing activities:		
Purchases of property and equipment included in accounts payable and accrued expenses	\$ 1,018	\$ 2,104

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

CIRCOR INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY
(in thousands)
(UNAUDITED)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Total Shareholders' Equity
	Shares	Amount					
BALANCE AS OF DECEMBER 31, 2018	19,845	\$ 212	\$ 440,890	\$ 232,102	\$ (69,739)	\$ (74,472)	\$ 528,993
Net Loss	—	—	—	(4,633)	—	—	(4,633)
Other comprehensive income, net of tax	—	—	—	—	(10,974)	—	(10,974)
Cumulative effect adjustment related to adoption of lease standard (ASC 842)	—	—	—	1,113	—	—	1,113
Conversion of restricted stock units	31	—	246	—	—	—	246
Share-based plan compensation	—	—	1,432	—	—	—	1,432
BALANCE AS OF MARCH 31, 2019	19,876	\$ 212	\$ 442,568	\$ 228,582	\$ (80,713)	\$ (74,472)	\$ 516,177

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Total Shareholders' Equity
	Shares	Amount					
BALANCE AS OF DECEMBER 31, 2017	19,785	\$ 212	\$ 438,721	\$ 274,243	\$ (36,730)	\$ (74,472)	\$ 601,974
Net Loss	—	—	—	(17,441)	\$ —	—	(17,441)
Cumulative translation adjustment	—	—	—	—	8,341	—	8,341
Cumulative effect adjustment related to adoption of new revenue recognition standard (ASU 2014-09)	—	—	—	(2,756)	—	—	(2,756)
Stock options exercised	8	—	301	—	—	—	301
Conversion of restricted stock units	37	—	312	—	—	—	312
Share-based plan compensation	—	—	1,365	—	—	—	1,365
BALANCE AS OF APRIL 1, 2018	19,830	\$ 212	\$ 440,699	\$ 254,046	\$ (28,389)	\$ (74,472)	\$ 592,096

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 necessary for a fair statement of the consolidated balance sheets, consolidated statements of (loss) income, consolidated statements of comprehensive income (loss), consolidated statements of cash flows and consolidated statements of shareholders' equity 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 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 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 as of December 31, 2018 is as reported in our audited consolidated financial statements as of that date but does not contain all of the footnote disclosures from the annual financial statements. Our accounting policies are described in the notes to our December 31, 2018 consolidated financial statements, which were included in our Annual Report on Form 10-K for the year ended December 31, 2018, as updated by Note 2 with respect to newly adopted accounting standards. We recommend that the financial statements included in our Quarterly Report on Form 10-Q be read in conjunction with the consolidated financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2018.

We operate and report financial information using a 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 March 31, 2019 are not necessarily indicative of the results that may be expected for the year ending December 31, 2019 or any future quarter.

Unless otherwise indicated, all financial information and statistical data included in these notes to our condensed consolidated financial statements relate to our continuing operations, with dollar amounts expressed in thousands (except per-share data).

(2) Summary of Significant Accounting Policies

The significant accounting policies used in preparation of these condensed consolidated financial statements for the three months ended March 31, 2019 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, 2018, except as updated below with respect to newly adopted accounting standards.

New Accounting Standards - Adopted

On January 1, 2019 we adopted the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, Leases, and all related amendments ("ASC 842"), specifically, ASU 2018-11, Leases: Targeted Improvements, under the modified retrospective approach. The amendment provides us with transition relief, as we elected not to recast the comparable periods and rather used the effective adoption date of the standard as the date of initial application. Comparable periods and the related disclosures are reflected herein under ASC 840. In addition, we elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed us to carry forward the historical lease classification.

Adoption of the new standard resulted in the recording of additional Right-of-Use ("ROU") assets and lease liabilities of \$23.8 million and \$24.1 million respectively, as of January 1, 2019. ROU assets represent our right to use an underlying asset for the lease term and the lease liabilities represent our obligation to make lease payments arising from the lease. The difference between the additional lease assets and lease liabilities, was recorded as an adjustment to deferred rent and prepaid rent. The standard did not materially impact our consolidated net earnings. See Note 4, Leases for further information.

(3) Revenue Recognition

Our revenue is derived from a variety of contracts. A significant portion of our revenues are from contracts associated with the design, development, manufacture or modification of highly engineered, complex and severe environment products with customers who are either in or service the energy, aerospace, defense and industrial markets. Our contracts within the defense markets are primarily with U.S. military customers. These contracts typically are subject to the Federal Acquisition Regulations (FAR). We account for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. Contracts may be modified to account for changes in contract specifications and requirements. Contract modifications exist when the modification either creates new, or changes the existing, enforceable rights and obligations. Contract modifications for goods or services that are not distinct from the existing contract are accounted for as if they were part of that existing contract.

Revenue is recognized from products and services transferred to customers over-time using an input measure (e.g., costs incurred to date relative to total estimated costs at completion, known as the “cost-to-cost” method) to measure progress. We generally use the cost-to-cost measure of progress for our contracts because it best depicts the transfer of control to the customer which occurs as we incur costs on our contracts. Under the cost-to-cost measure of progress, revenues are recorded proportionally as costs are incurred. Contract costs include labor, materials and subcontractors’ costs, other direct costs and an allocation of overhead, as appropriate.

As of March 31, 2019, we had \$521.0 million of revenue related to remaining unfulfilled performance obligations. We expect to recognize approximately 79 percent of our remaining performance obligations as revenue during the remainder of 2019, 18 percent in 2020, and the remaining 3 percent in 2021 and thereafter.

In order to determine revenue recognized in the period from contract liabilities, we first allocate revenue to the individual contract liabilities balances outstanding at the beginning of the period until the revenue exceeds that balance. If additional advances are received on those contracts in subsequent periods, we assume all revenue recognized in the reporting period first applies to the beginning contract liabilities as opposed to a portion applying to the new advances for the period.

The impact of adjustments in contract estimates on our operating earnings can be reflected in either operating expenses or revenue. There have been no significant changes in estimates in the three months ended March 31, 2019.

Disaggregation of Revenue. The following tables present our revenue disaggregated by major product line and geographical market (in thousands):

	March 31, 2019	April 1, 2018
	Three Months Ended	Three Months Ended
Energy Segment		
Oil & Gas - Upstream, Midstream & Other	\$ 45,665	\$ 47,885
Oil & Gas - Downstream	52,752	52,087
Total	98,417	99,972
Aerospace & Defense Segment		
Commercial Aerospace & Other	28,706	26,657
Defense	32,534	31,820
Total	61,240	58,477
Industrial Segment		
Valves	28,532	27,679
Pumps	82,206	89,452
Total	110,738	117,131
Net Revenue	\$ 270,395	\$ 275,580

	March 31, 2019	April 1, 2018
	Three Months Ended	Three Months Ended
Energy Segment		
EMEA	\$ 34,452	\$ 19,898
North America	52,957	64,467
Other	11,008	15,607
Total	98,417	99,972
Aerospace & Defense Segment		
EMEA	\$ 17,732	\$ 15,396
North America	37,393	37,749
Other	6,115	5,332
Total	61,240	58,477
Industrial Segment		
EMEA	\$ 54,492	\$ 60,679
North America	34,547	32,250
Other	21,699	24,202
Total	110,738	117,131
Net Revenue	\$ 270,395	\$ 275,580

Contract Balances. The Company's contract assets and contract liabilities balances as of December 31, 2018 and March 31, 2019, respectively, are as follows (in thousands):

	December 31, 2018	March 31, 2019	Increase/(Decrease)
Trade accounts receivables, net	\$ 183,552	\$ 188,500	\$ 4,948
Contract assets (1)	61,618	61,889	271
Contract liabilities (2) (3)	48,325	36,374	(11,951)

(1) Recorded within prepaid expenses and other current assets.

(2) Recorded within accrued expenses and other current liabilities

(3) The Contract Liabilities balance as of December 31, 2018 has been adjusted by \$1.4 million attributed to the Reliability Services divestiture.

Trade accounts receivable, net increased by \$4.9 million as of March 31, 2019, primarily due to the timing of cash collections during the three months ended March 31, 2019.

Contract assets as of March 31, 2019 remained fairly consistent with December 31, 2018, an increase of \$0.3 million.

Contract liabilities, excluding divestiture, decreased by \$12.0 million, or 25%, to \$36.4 million as of March 31, 2019, primarily driven by revenue recognized over time during the three months ended March 31, 2019 within our Refinery Valves (-9%) and U.S. Defense Business (-5%).

(4) Leases

We lease certain office spaces, warehouses, vehicles and equipment. Leases with an initial term of 12-months or less have not been capitalized on the balance sheet. We recognize lease expense associated with these short-term leases on a straight-line basis over the lease term. For lease agreements entered into after the adoption of ASC 842, we combine lease and non-lease fixed components for real estate, vehicles and equipment leases. We do not combine lease and non-lease components for information technology leases. Variable lease costs were not included within the measurement of the lease liability as they were entirely variable or the difference between the portion captured within the lease liability and the actual cost will be expensed as incurred. Variable costs are contractually obligated and relate primarily to common area maintenance and taxes, which were not material to the financial statements.

We elected the package of practical expedients permitted under the transition guidance, which allowed us to carry forward the historical lease classification, not to reassess if existing contracts are or contain leases, and not to reassess indirect costs for existing leases.

We have elected not to recast the comparable periods and rather used the effective adoption date of the standard as the date of initial application.

Leases which contain a renewal option to extend an existing lease term, or a termination option to end a lease early are exercisable at our sole discretion. We evaluate such leases to determine if we are reasonably certain to exercise the option. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

Our lease agreements do not contain any material residual value guarantees.

In determining the present value of lease payments, we use the implicit borrowing rate in the lease, if available. In cases where a lease does not provide an implicit borrowing rate, we use the incremental borrowing rate based on based on available information at the commencement date. As of March 31, 2019 none of our existing leases provided an implicit borrowing rate. We give consideration to our debt issuances as well as publicly available data for instruments with similar characteristics when calculating our incremental borrowing rate. Additionally, we performed an entity-level financial assessment along with risk assessment by country or jurisdiction in the determination of our incremental borrowing rate. We will update our financial and risk assessments periodically. We will reassess lease classification and / or remeasure the lease liability in the event of the following: changes in assessment of renewal, termination or purchase option based on triggering events within our control, change in amounts probable of being owed under a residual guarantee, or contingency resolution.

The Balance Sheet impact at March 31, 2019 is as follows (in thousands):

Leases

Assets	Operating	Finance
Gross ROU Assets (1)	\$ 25,102	\$ 1,165
Less: Accumulated Amortization	1,298	9
Net ROU Assets	<u>\$ 23,804</u>	<u>\$ 1,156</u>
Liabilities	Operating	Finance
Current (2)	\$ 5,327	\$ 178
Non-current (3)	18,560	1,048
Total Lease Liabilities	<u>\$ 23,887</u>	<u>\$ 1,226</u>

(1) Operating and Finance ROU Assets are included within other assets on the Balance Sheet.

(2) The current portion of operating and finance lease liabilities are recorded within accrued expenses and other current liabilities on the Balance Sheet.

(3) The non-current portion of operating and finance lease liabilities are recorded within other non-current liabilities on the Balance Sheet.

The components of lease costs are as follows (in thousands):

Lease Costs	March 31, 2019	
Operating lease cost (1)	\$	1,880
Finance lease cost		
Amortization of leased assets (2)	\$	3
Interest on lease liabilities (3)		—
Total finance lease costs		3
Total lease cost	\$	1,883

(1) Operating lease costs are recorded within selling, general and administrative expenses or Cost of Revenue within the Consolidated Statement of Loss depending upon the nature of the underlying lease.

(2) Finance lease amortization costs are recorded in selling, general and administrative expenses within the Consolidated Statement of Loss.

(3) Finance lease interest costs are recorded in interest expense, net within the Consolidated Statement of Loss.

Short-term lease expense and variable lease costs were \$0.1 million and \$0.0 million, respectively, for the three months ended March 31, 2019.

The estimated future minimum lease payments only include obligations for which we are reasonably certain to exercise our renewal option. Such future payments are as follows (in thousands):

Maturity of Lease Liabilities	Operating Leases		Finance Leases		Total
2019	\$	5,404	\$	137	\$ 5,541
2020		4,996		163	5,159
2021		4,291		161	4,452
2022		3,539		149	3,688
2023		2,962		149	3,111
After 2023		8,225		473	8,698
Less: Interest	\$	(5,530)	\$	(6)	\$ (5,536)
Present value of lease liabilities	\$	23,887	\$	1,226	\$ 25,113

The weighted average remaining lease term and discount rates are as follows:

Lease Term and Discount Rate	March 31, 2019
Weighted average remaining lease term (years)	
Operating leases	6.3
Finance leases	7.7
Weighted average discount rate (percentage)	
Operating leases	5.7%
Finance leases	2.0%

Supplemental cash flow information related to leases are as follows (in thousands):

<u>Other Information</u>	<u>March 31, 2019</u>	
Operating Activities		
Noncash lease expense on operating ROU assets	\$	(23,762)
Amortization expense on finance ROU assets		3
Change in total operating lease liabilities		23,846
Principal paid on operating lease liabilities		(93)
Total Operating Activities	\$	(6)
Financing Activities		
Principal paid on finance lease liabilities	\$	(8)
Supplemental		
Interest Paid on finance lease liabilities		—

As of March 31, 2019, we do not have any material operating or finance leases that have not yet commenced and we have not entered into any transactions with a related party.

Operating Lease Commitments Disclosure under ASC 840

Minimum rental commitments due under non-cancelable operating leases, primarily for office and warehouse facilities, were as follows at December 31, 2018 (in thousands):

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Thereafter</u>
Minimum lease commitments	\$ 9,481	\$ 6,303	\$ 4,573	\$ 3,345	\$ 2,540	\$ 6,032

(5) Special & Restructuring (Recoveries) Charges, net

Special and Restructuring (Recoveries) Charges, net

Special and restructuring charges, net consist of restructuring costs (including costs to exit a product line or program) as well as certain special charges such as significant litigation settlements and other transactions (charges or recoveries) that are described below. All items described below are recorded in Special and restructuring (recoveries) charges, net on our consolidated statements of loss. Certain other special and restructuring charges such as inventory related items may be recorded in cost of revenues given the nature of the item.

The table below (in thousands) summarizes the amounts recorded within the special and restructuring (recoveries) charges, net line item on the condensed consolidated statements of loss for the three months ended March 31, 2019 and April 1, 2018:

	Special & Restructuring Charges (Recoveries), net			
	Three Months Ended			
	March 31, 2019		April 1, 2018	
Special (recoveries) charges, net	\$	(8,679)	\$	2,831
Restructuring charges, net		863		9,615
Total special and restructuring (recoveries) charges, net	\$	(7,816)	\$	12,446

Special (Recoveries) Charges, net

The table below (in thousands) outlines the special (recoveries) charges, net recorded for the three months ended March 31, 2019:

	Special (Recoveries) Charges, net				
	For the three months ended March 31, 2019				
	Energy	Aerospace & Defense	Industrial	Corporate	Total
Reliability Services divestiture	\$ (10,282)	\$ —	\$ —	\$ —	\$ (10,282)
Reliability Services 2019 operating expenses	1,450	—	—	—	1,450
Rosscor divestiture related charges	—	—	153	—	153
Total special charges, net	\$ (8,832)	\$ —	\$ 153	\$ —	\$ (8,679)

Reliability Services Divestiture: In January 2019, the Company sold its Reliability Services business. The Company recorded a \$10.3 million gain during the first quarter of 2019 in connection with the divestiture.

Reliability Services 2019 Operating Expenses: The Company classified the 2019 operating expenses of the Reliability Services business as special given the business was held for sale as of 2018 and was sold in January 2019.

Rosscor Divestiture: On November 6, 2018, we announced the divestiture of our Rosscor B.V. and SES International B.V. subsidiaries (the “Delden Business”) for a nominal amount. The Delden Business was our Netherlands-based fluid handling skids and systems business, primarily for the Oil and Gas end market. During the first quarter of 2019 we recorded a \$0.2 million charge related to the divestiture.

The table below (in thousands) outlines the special charges (recoveries), net recorded for the three months ended April 1, 2018:

	Special Charges (Recoveries), net				
	For the three months ended April 1, 2018				
	Energy	Aerospace & Defense	Industrial	Corporate	Total
Acquisition related charges	\$ —	\$ —	\$ —	\$ 2,455	\$ 2,455
Brazil closure	376	—	—	—	376
Total special charges, net	\$ 376	\$ —	\$ —	\$ 2,455	\$ 2,831

Acquisition related charges:

- On December 11, 2017, we acquired fluid handling business of Colfax Corporation ("FH"). In connection with our acquisition, we recorded \$2.5 million during the three months ended April 1, 2018 related to internal and external professional fee costs to integrate the FH business into our legacy framework.
- Brazil Closure: On November 3, 2015, our Board of Directors approved the closure and exit of our Brazil manufacturing operations due to the economic realities in Brazil and the ongoing challenges with our only significant end customer, Petrobras. CIRCOR Brazil reported substantial operating losses every year since it was acquired in 2011 while the underlying market conditions and outlook deteriorated. In connection with the closure, we recorded \$0.4 million of charges within the Energy segment during the three months ended April 1, 2018, which relates to losses incurred subsequent to our closure of manufacturing operations during the first quarter of 2016.

Restructuring Charges (Recoveries), net

The tables below (in thousands) outline the charges (or any recoveries) associated with restructuring actions recorded for the three months ended March 31, 2019 and April 1, 2018. A description of the restructuring actions is provided in the section titled "Restructuring Programs Summary" below.

	Restructuring Charges				
	As of and for the three months ended March 31, 2019				
	Energy	Aerospace & Defense	Industrial	Corporate	Total
Facility related expenses	\$ 261	\$ 70	\$ —	\$ —	\$ 331
Employee related expenses, net	262	(2)	272	—	532
Total restructuring charges, net	\$ 523	\$ 68	\$ 272	\$ —	\$ 863
Accrued restructuring charges as of December 31, 2018					\$ 982
Total quarter to date charges, net (shown above)					863
Charges paid / settled, net					(106)
Accrued restructuring charges as of March 31, 2019					\$ 757

We expect to make payment or settle the majority of the restructuring charges accrued as of March 31, 2019 during the second half of 2019.

	Restructuring Charges, net				
	As of and for the three months ended April 1, 2018				
	Energy	Aerospace & Defense	Industrial	Corporate	Total
Facility related expenses	\$ 1,481	\$ 82	\$ —	\$ —	\$ 1,563
Employee related (recoveries) expenses	6,843	—	1,209	—	8,052
Total restructuring charges, net	\$ 8,324	\$ 82	\$ 1,209	\$ —	\$ 9,615
Accrued restructuring charges as of December 31, 2017					\$ 1,586
Total quarter to date charges, net (shown above)					9,615
Charges paid / settled, net					(4,897)
Accrued restructuring charges as of April 1, 2018					\$ 6,304

Restructuring Programs Summary

As specific restructuring programs are announced, the amounts associated with that particular action may be recorded in periods other than when announced to comply with the applicable accounting rules. For example, total cost associated with 2018 Actions (as discussed below) will be recorded in 2018 and 2019. The amounts shown below reflect the total cost for that restructuring program.

During 2018, we initiated certain restructuring activities, under which we continued to simplify our business ("2018 Actions"). Under these restructurings, we reduced expenses, primarily through reductions in force and closing a number of smaller facilities. Charges associated with the 2018 Actions were recorded during 2018 and 2019.

	2018 Actions Restructuring Charges, net as of March 31, 2019			
	Energy	Aerospace & Defense	Industrial	Total
Facility related expenses - incurred to date	\$ 2,448	\$ 70	\$ —	\$ 2,518
Employee related expenses - incurred to date	7,893	380	1,808	10,081
Total restructuring related special charges - incurred to date	\$ 10,341	\$ 450	\$ 1,808	\$ 12,599

Additional Restructuring Charges

In conjunction with the restructuring actions noted above, we incur certain costs, primarily related to inventory, that are recorded in cost of revenues instead of special and restructuring charges. These types of inventory restructuring costs typically relate to the discontinuance of a product line or manufacturing inefficiencies directly related to the restructuring action.

During the quarter ended March 31, 2019, we recorded \$2.8 million of inventory related restructuring charges within our Energy segment for restructuring actions with our Distributed Valves business. Also during the first quarter of 2019, we recorded \$0.3 million of inventory related restructuring charges related to the January 2019 results of the Reliability Services business. During the three months ended April 1, 2018, we recorded \$0.5 million of inventory related restructuring charges within our Energy segment for restructuring actions with our Reliability Services business.

(6) Inventories

Inventories consisted of the following (in thousands):

	March 31, 2019	December 31, 2018
Raw materials	\$ 71,201	\$ 69,910
Work in process	115,655	116,088
Finished goods	31,135	31,380
Total inventories	\$ 217,991	\$ 217,378

(7) Goodwill and Intangibles, net

The following table shows goodwill by segment as of December 31, 2018 and March 31, 2019 (in thousands):

	Energy	Aerospace & Defense	Industrial	Total
Goodwill as of December 31, 2018	\$ 104,872	\$ 57,418	\$ 296,915	\$ 459,205
Divestiture (1)	110	—	—	110
Currency translation adjustments	(4,335)	(30)	6,045	1,680
Goodwill as of March 31, 2019	\$ 100,647	\$ 57,388	\$ 302,960	\$ 460,995

(1) As of December 31, 2018, the Energy Segment had \$40.4 million of Goodwill classified as "held for sale" in connection with the divestiture of our Reliability Services business in January 2019.

The table below presents gross intangible assets and the related accumulated amortization as of March 31, 2019 (in thousands):

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Patents	\$ 5,399	\$ (5,399)	\$ —
Customer relationships	302,728	(62,696)	240,032
Backlog	22,889	(20,730)	2,159
Acquired technology	131,664	(28,176)	103,488
Other	3,783	(3,783)	—
Total Amortized Assets	\$ 466,463	\$ (120,784)	\$ 345,679
Non-amortized intangibles (primarily trademarks and trade names)	\$ 76,623	\$ —	\$ 76,623
Total Non-Amortized Intangibles	\$ 76,623	\$ —	\$ 76,623
Net carrying value of intangible assets	\$ 422,302		

The table below presents estimated remaining amortization expense for intangible assets recorded as of March 31, 2019 (in thousands):

	2019	2020	2021	2022	2023	After 2023
Estimated amortization expense	\$ 35,597	\$ 43,889	\$ 42,143	\$ 37,081	\$ 32,509	\$ 154,460

(8) Segment Information

Our Chief Operating Decision Maker evaluates segment operating performance using segment operating income. Segment operating income is defined as GAAP operating income excluding intangible amortization and amortization of fair value step-ups of inventory and fixed assets from acquisitions completed subsequent to December 31, 2011, the impact of restructuring related inventory write-offs, impairment charges and special charges or gains. The Company also refers to this measure as adjusted operating income. The Company uses this measure because it helps management understand and evaluate the segments' core operating results and facilitate comparison of performance for determining incentive compensation achievement.

We organize our reporting structure into three segments: Energy, Aerospace & Defense and Industrial.

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

	Three Months Ended	
	March 31, 2019	April 1, 2018
<u>Net revenues</u>		
Energy	\$ 98,417	\$ 99,972
Aerospace & Defense	61,240	58,477
Industrial	110,738	117,131
Consolidated net revenues	\$ 270,395	\$ 275,580

Income (Loss) from operations before income taxes			
Energy - Segment Operating Income	\$	6,783	\$ 5,696
Aerospace & Defense - Segment Operating Income		9,374	8,931
Industrial - Segment Operating Income		10,787	12,948
Corporate expenses		(6,705)	(7,802)
Subtotal		20,239	19,773
Restructuring charges, net		863	9,615
Special (recoveries) charges, net		(8,679)	2,831
Special and restructuring (recoveries) charges, net		(7,816)	12,446
Restructuring related inventory charges		3,141	473
Amortization of inventory step-up		—	6,600
Acquisition amortization		12,079	11,797
Acquisition depreciation		1,123	1,837
Acquisition amortization and other costs, net		16,343	20,707
Consolidated Operating Income		11,712	(13,380)
Interest expense, net		13,179	11,801
Other income, net		(1,913)	(1,861)
Income (Loss) from operations before income taxes	\$	446	\$ (23,320)

	Three Months Ended	
	March 31, 2019	April 1, 2018
Capital expenditures		
Energy	\$ 969	\$ 3,345
Aerospace & Defense	788	944
Industrial	1,141	3,624
Corporate	387	276
Consolidated capital expenditures	\$ 3,285	\$ 8,189

Depreciation and amortization			
Energy	\$ 3,325	\$ 4,201	
Aerospace & Defense	2,673	2,793	
Industrial	12,369	12,440	
Corporate	142	229	
Consolidated depreciation and amortization	\$ 18,509	\$ 19,663	

	March 31, 2019	April 1, 2018
Identifiable assets		
Energy	\$ 707,813	\$ 976,000
Aerospace & Defense	406,064	348,291
Industrial	1,408,206	1,327,094
Corporate	(802,749)	(723,278)
Consolidated identifiable assets	\$ 1,719,334	\$ 1,928,107

The total assets for each reportable segment have been reported as the Identifiable Assets for that segment, including inter-segment intercompany receivables, payables and investments in other CIRCOR companies. Identifiable assets reported in Corporate 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 for Identifiable Assets. Corporate Identifiable Assets excluding intercompany assets were \$20.9 million and \$17.0 million as of March 31, 2019 and April 1, 2018, respectively.

(9) Financial Instrument

Fair Value

The company utilizes fair value measurement guidance prescribed by accounting standards to value its financial instruments. The guidance establishes a fair value hierarchy based on the inputs used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows:

- **Level One:** Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- **Level Two:** Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- **Level Three:** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The fair value measurements of the Company's financial instruments as of March 31, 2019 are summarized in the table below:

	Significant Other Observable Inputs
	Level 2
Derivatives	\$ (4,103)

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. Cash equivalents are carried at cost which approximates fair value at the balance sheet date and is a Level 1 financial instrument. As of March 31, 2019 and December 31, 2018, the outstanding balance of the Company's debt approximated fair value based on current rates available to the Company for debt of the same maturity and is a Level 2 financial instrument.

Effective April 12, 2018, the Company entered into an interest rate swap pursuant to an International Swaps and Derivatives Association ("ISDA") Master Agreement with Citizens Bank, National Association ("interest rate swap"). The four-year interest rate swap has a fixed notional value of \$400.0 million with a 1% LIBOR floor and a maturity date of April 12, 2022. The fixed rate of interest paid by the Company is comprised of our current credit spread of 350 basis points plus 2.6475% for a total interest rate of 6.1475%. The ISDA Master Agreement, together with its related schedules, contain customary representations, warranties and covenants. This hedging agreement was entered into to mitigate the interest rate risk inherent in the Company's variable rate debt and is not for speculative trading purposes.

The Company has designated the interest rate swap as a qualifying hedging instrument and is treating it as a cash flow hedge for accounting purposes pursuant to ASC 815, *Derivatives and Hedging*. The net fair value of the interest rate swap was \$4.1 million and is recorded in other long-term liabilities of \$3.8 million, accrued expenses and other current liabilities of \$0.9 million, and long-term deferred tax asset of \$0.6 million on our condensed consolidated balance sheet as of March 31, 2019. The unrealized losses recognized in other comprehensive income (loss) were \$2.1 million for the three months ended March 31, 2019. The realized loss of \$0.2 million was reclassified from other comprehensive income (loss) to interest expense as interest expense was accrued on the swap during the three months ended March 31, 2019. Amounts expected to be reclassified from other comprehensive income into interest expense in the coming 12 months is a loss of \$(1.0) million. Interest expense (including the effects of the cash flow hedges) related to the portion of the Company's term loan subject to the aforementioned interest-rate swap agreement was \$6.1 million for the three months ended March 31, 2019.

(10) 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 insure us with respect to certain events covered under the policies and should enable us to recover a portion of any future amounts paid under the indemnification agreements. We have no liabilities recorded from those agreements as of March 31, 2019.

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 March 31, 2019 (in thousands):

Balance beginning December 31, 2018	\$	4,050
Provisions		742
Claims settled		(664)
Currency translation adjustment		(1)
Balance ending March 31, 2019	\$	<u>4,127</u>

Warranty obligations increased \$0.1 million from \$4.1 million as of December 31, 2018 to \$4.1 million as of March 31, 2019, primarily driven by net claims settled and quarterly provisions within our Industrial and Energy operating segments.

(11) Commitments and Contingencies

We are subject to various legal proceedings and claims pertaining to matters such as product liability or contract disputes, including issues arising under certain customer contracts with aerospace and defense customers. We are also subject to other proceedings and governmental inquiries, inspections, audits or investigations pertaining to issues such as tax matters, patents and trademarks, pricing, business practices, governmental regulations, employment and other matters. Although the results of litigation and claims cannot be predicted with certainty, we expect that the ultimate disposition of these matters, to the extent not previously provided for, will not have a material adverse effect, individually or in the aggregate, on our business, financial condition, results of operations or liquidity.

On February 21, 2018, the Company entered into a mediated settlement regarding a wage and hour action in California by a former employee. In October 2016, the plaintiff alleged non-compliance with California State labor law, including missed or late meal breaks, for hourly employees of CIRCOR Aerospace, Inc. in Corona, California. The total settlement amount of \$2.4 million was initially recorded as a liability as of December 31, 2017. This settlement resolves all wage/hour claims by all potentially affected employees through the settlement date and was approved by the California Superior Court during 2018. The Company expects to make payment during the third quarter of 2019.

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, Inc.) ("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 expect that these asbestos-related claims will have a material adverse effect on the financial condition, results of operations or liquidity of the Company.

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 \$74.4 million at March 31, 2019. 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 March 31, 2019.

The following table contains information related to standby letters of credit instruments outstanding as of March 31, 2019 (in thousands):

Term Remaining	Maximum Potential Future Payments	
0–12 months	\$	54,661
Greater than 12 months		19,750
Total	\$	74,411

(12) Retirement Plans

The following table sets forth the components of total net periodic benefit cost (income) of the Company's defined benefit pension plans and other post-retirement employee benefit plans (in thousands):

	Three Months Ended	
	March 31, 2019	April 1, 2018
Pension Benefits - U.S. Plans		
Service cost	\$ —	\$ —
Interest cost	1,967	1,762
Expected return on plan assets	(2,742)	(3,771)
Amortization	129	38
Net periodic benefit income	<u>\$ (646)</u>	<u>\$ (1,971)</u>
Pension Benefits - Non-U.S. Plans		
Service cost	\$ 695	\$ 774
Interest cost	555	552
Expected return on plan assets	(247)	(258)
Amortization	5	—
Net periodic benefit cost	<u>\$ 1,008</u>	<u>\$ 1,068</u>
Other Post-Retirement Benefits		
Service cost	\$ —	\$ —
Interest cost	93	86
Amortization	—	—
Net periodic benefit cost	<u>\$ 93</u>	<u>\$ 86</u>

As of March 31, 2019 the Company's plan assets included \$2.2 million payable to Colfax Corporation for reimbursement of 2018 pension benefits paid, expenses and investment return.

The periodic benefit service costs are included in the selling, general, and administrative costs, while the remaining net periodic benefit costs are included in other (income) expense, net in our condensed consolidated statements of loss for the three months ended March 31, 2019 and April 1, 2018, respectively.

There were no employer contributions to the Company's U.S. and non- U.S. based pension plans during the three months ended March 31, 2019.

(13) Income Taxes

As of March 31, 2019 and December 31, 2018, we had \$0.6 million and \$0.6 million of unrecognized tax benefits, respectively, of which \$0.5 million and \$0.5 million, respectively, would affect our effective tax rate if recognized in any future period.

The Company files income tax returns in 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 2015 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.

The Company has a net U.S. deferred tax asset and a net foreign deferred tax liability. Due to uncertainties related to our ability to utilize certain foreign deferred income tax assets, we maintained a total valuation allowance of \$17.6 million at March 31, 2019 and \$17.6 million at December 31, 2018. The valuation allowance is based on estimates of income in each of the jurisdictions in which we operate and the period over which our deferred tax assets will be recoverable. If future results of operations exceed our current expectations, our existing tax valuation allowances may be adjusted, resulting in future tax benefits. Alternatively, if 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 deferred tax assets, which may have a material adverse effect on our business, results of operations and financial condition.

(14) Share-Based Compensation

As of March 31, 2019, there were 732,879 stock options and 438,479 Restricted Stock Unit Awards ("RSU Awards") and Restricted Stock Unit Management Stock Plan Awards ("RSU MSPs") outstanding. In addition, there were 69,299 shares available for grant under the 2014 Stock Option and Incentive Plan (the "2014 Plan") as of March 31, 2019.

During the three months ended March 31, 2019, we granted 153,726 stock options compared with 127,704 stock options granted during the three months ended April 1, 2018.

The average fair value of stock options granted during the first three months of 2019 and 2018 was \$11.84 and \$14.68 per share, respectively, and was estimated using the following weighted-average assumptions:

	March 31, 2019	April 1, 2018
Risk-free interest rate	2.6%	2.5%
Expected life (years)	4.4	4.4
Expected stock volatility	38.1%	37.2%
Expected dividend yield	—%	—%

For additional information regarding the historical issuance of stock options, refer to Note 12 to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2018.

During the three months ended March 31, 2019 and April 1, 2018, we granted 154,903 and 143,198 RSU Awards with approximate fair values of \$33.07 and \$42.61 per RSU Award, respectively. During the first three months of 2019 and 2018, we granted performance-based RSU Awards as part of the overall mix of RSU Awards. In 2019, these performance-based RSU Awards include metrics for achieving Adjusted Operating Margin and Adjusted Free Cash Flow with target payouts ranging from 0% to 200%. In 2018, the performance-based RSU Awards include metrics for achieving Return on Invested Capital and Adjusted Operating Margin with the same target payout ranges. Of the 154,903 RSU Awards granted during the three months ended March 31, 2019, 26,475 are performance-based RSU Awards. This compares to 48,080 performance-based RSU Awards granted during the three months ended April 1, 2018.

RSU MSPs totaling 56,379 and 34,937 with per unit discount amounts representing fair values of \$11.10 and \$14.06 per share were granted during the three months ended March 31, 2019 and April 1, 2018, respectively.

Compensation expense related to our share-based plans for the three months ended March 31, 2019 and April 1, 2018 was \$1.4 million and \$1.3 million, respectively. Compensation expense for both periods was recorded as selling, general and administrative expenses. As of March 31, 2019, there was \$13.5 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 2.4 years.

The weighted average contractual term for stock options outstanding and options exercisable as of March 31, 2019 was 4.9 years and 4.0 years, respectively. The aggregate intrinsic value of stock options exercised during the three months ended March 31, 2019 was \$0.0 million and the aggregate intrinsic value of stock options outstanding and options exercisable as of March 31, 2019 was \$0.0 million and \$0.0 million, respectively.

The aggregate intrinsic value of RSU Awards settled during the three months ended March 31, 2019 was \$0.6 million and the aggregate intrinsic value of RSU Awards outstanding and RSU Awards vested and deferred as of March 31, 2019 was \$10.6 million and \$0.2 million, respectively.

The aggregate intrinsic value of RSU MSPs settled during the three months ended March 31, 2019 was \$0.1 million and the aggregate intrinsic value of RSU MSPs outstanding and RSU MSPs vested and deferred as of March 31, 2019 was \$0.7 million and less than \$0.1 million, respectively.

International participants are issued Cash Settled Stock Unit Awards. As of March 31, 2019, there were 67,109 Cash Settled Stock Unit Awards outstanding compared to 50,907 as of December 31, 2018. During the three months ended March 31, 2019, the aggregate cash used to settle Cash Settled Stock Unit Awards was \$0.5 million. As of March 31, 2019, we had \$0.4 million of accrued expenses in other non-current liabilities associated with these Cash Settled Stock Unit Awards compared with \$0.6 million as of December 31, 2018. Cash Settled Stock Unit Award related compensation costs for the three months ended March 31, 2019 and April 1, 2018 was \$0.4 million and \$0.1 million, respectively, and was recorded as selling, general, and administrative expenses.

(15) Accumulated Other Comprehensive Loss

The following table summarizes the changes in accumulated other comprehensive loss, net of tax, which is reported as a component of shareholders' equity, for the three months ended March 31, 2019 (in thousands):

	Foreign Currency Translation Adjustments	Pension, net	Derivative	Total
Balance as of December 31, 2018	\$ (49,109)	\$ (19,114)	\$ (1,516)	\$ (69,739)
Other comprehensive income	(8,840)	—	(2,134)	(10,974)
Balance as of March 31, 2019	<u>\$ (57,949)</u>	<u>\$ (19,114)</u>	<u>\$ (3,650)</u>	<u>\$ (80,713)</u>

During the first quarter of 2019, an immaterial error was identified in the Company's calculation of currency translation adjustments related to goodwill, intangible assets and property, plant and equipment acquired in the Fluid Handling acquisition. This error impacts other comprehensive income. Specifically, other comprehensive income (loss) was overstated by \$5.4 and \$2.2 million, respectively, for the first quarter and fiscal 2018 and was understated by \$2.2 million for first quarter of 2019. The Company has determined that these adjustments were not material to the current or prior periods, or the forecasted 2019 results. The quarterly impact (in \$ millions) in 2018 was:

	Q1	Q2	Q3	Q4	2018
Overstated (understated) comprehensive income	<u>\$ 5.4</u>	<u>\$ (5.1)</u>	<u>\$ (0.2)</u>	<u>\$ 2.1</u>	<u>\$ 2.2</u>

(16) Earnings (Loss) Per Common Share ("EPS")

(in thousands, except per share amounts)

	Three Months Ended					
	March 31, 2019			April 1, 2018		
	Net Income	Shares	Per Share Amount	Net Income	Shares	Per Share Amount
Basic EPS	\$ (4,633)	19,870	\$ (0.23)	\$ (17,441)	19,806	\$ (0.88)
Dilutive securities, common stock options	—	—	—	—	—	—
Diluted EPS	\$ (4,633)	19,870	\$ (0.23)	\$ (17,441)	19,806	\$ (0.88)

Stock options, RSU Awards, and RSU MSPs covering 901,098 and 126,926 shares of common stock, for the three months ended March 31, 2019 and April 1, 2018, respectively, were not included in the computation of diluted EPS because their effect would be anti-dilutive.

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"). 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, including statements about the realization of cost reductions from restructuring activities and expected synergies, the expected impact of tariff increases and future cash flows from operating activities, 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, changes in the price of and demand for oil and gas in both domestic and international markets, our ability to successfully integrate acquired businesses, as contemplated, the possibility that expected benefits related to the acquisition of the fluid handling business of Colfax Corporation ("FH") may not materialize as expected, any adverse changes in governmental policies, variability of raw material and component pricing, changes in our suppliers' performance, fluctuations in foreign currency exchange rates, changes in tariffs or other taxes related to doing business internationally, our ability to hire and retain key personnel, our ability to operate our manufacturing facilities at efficient levels including our ability to prevent cost overruns and reduce costs, our ability to generate increased cash by reducing our working capital, our prevention of the accumulation of excess inventory, our ability to successfully implement our restructuring or simplification strategies, fluctuations in interest rates, our ability to successfully defend product liability actions, 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, including as a result of natural disasters, terrorist attacks, current Middle Eastern conflicts and related matters. **We advise you to read further about these and other risk factors set forth in Part I, Item 1A, "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2018, which is filed with the Securities and Exchange Commission ("SEC") and is available on the SEC's website at www.sec.gov.** 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

We design, manufacture and market differentiated technology products and sub-systems for markets including industrial, oil & gas, aerospace and defense, and commercial marine. CIRCOR has a diversified flow and motion control product portfolio with recognized, market-leading brands that fulfill its customers' mission critical needs.

We organize our reporting structure into three segments: Energy, Aerospace & Defense and Industrial. Both the current and the prior periods are reported under these three segments.

Basis of Presentation

All significant intercompany balances and transactions have been eliminated in consolidation.

We operate and report financial information using a 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

Critical accounting policies are those that are both important to the accurate portrayal of a company's financial condition and results and require subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. 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, except as updated by Note 2 to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q with respect to newly adopted accounting standards. The expenses and accrued liabilities or allowances related to certain of our accounting 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.

Results of Operations

First Quarter 2019 Compared With First Quarter 2018

Consolidated Operations

(in thousands)	Three Months Ended		Total Change	Divestiture	Operations	Foreign Exchange
	March 31, 2019	April 1, 2018				
Net Revenues						
Energy	\$ 98,417	\$ 99,972	\$ (1,555)	\$ (11,649)	\$ 12,130	\$ (2,036)
Aerospace & Defense	61,240	58,477	2,763	—	3,994	(1,231)
Industrial	110,738	117,131	(6,393)	(3,897)	3,834	(6,330)
Consolidated Net Revenues	\$ 270,395	\$ 275,580	\$ (5,185)	\$ (15,546)	\$ 19,958	\$ (9,597)

Net revenues for the three months ended March 31, 2019 were \$270.4 million, a decrease of \$(5.2) million, or (-2%) as compared to the three months ended April 1, 2018, primarily driven by unfavorable foreign currency translation (-4%), lower revenue as a result of the divestitures (-6%), offset by strong growth from operations (+8%) within the three operating segments.

Segment Results

The Chief Operating Decision Maker ("CODM") is the function that allocates the resources of the enterprise and assesses the performance of the Company's reportable operating segments. CIRCOR has determined that the CODM is solely comprised of its Chief Executive Officer ("CEO"), as the CEO has the ultimate responsibility for CIRCOR strategic decision-making and resource allocation.

Our CODM evaluates segment operating performance using segment operating income. Segment operating income is defined as GAAP operating income excluding intangible amortization and amortization of fair value step-ups of inventory and fixed assets from acquisitions completed subsequent to December 31, 2011, the impact of restructuring related inventory write-offs, impairment charges and special charges or gains. The Company also refers to this measure as adjusted operating income. The Company uses this measure because it helps management understand and evaluate the segments' core operating results and facilitate comparison of performance for determining incentive compensation achievement.

The following table presents certain reportable segment information:

(in thousands, except percentages)

	Three Months Ended	
	March 31, 2019	April 1, 2018
Net revenues		
Energy	\$ 98,417	\$ 99,972
Aerospace & Defense	61,240	58,477
Industrial	110,738	117,131
Consolidated net revenues	<u>\$ 270,395</u>	<u>\$ 275,580</u>
Loss from operations before income taxes		
Energy - Segment Operating Income	\$ 6,783	\$ 5,696
Aerospace & Defense - Segment Operating Income	9,374	8,931
Industrial - Segment Operating Income	10,787	12,948
Corporate expenses	(6,705)	(7,802)
Subtotal	<u>20,239</u>	<u>19,773</u>
Restructuring charges, net	863	9,615
Special (recoveries) charges, net	(8,679)	2,831
Special and restructuring (recoveries) charges, net (1)	<u>(7,816)</u>	<u>12,446</u>
Restructuring related inventory charges (1)	3,141	473
Amortization of inventory step-up	—	6,600
Acquisition amortization (2)	12,079	11,797
Acquisition depreciation (2)	1,123	1,837
Acquisition amortization and other costs, net	<u>16,343</u>	<u>20,707</u>
Consolidated Operating Income (Loss)	11,712	(13,380)
Interest expense, net	13,179	11,801
Other income, net	(1,913)	(1,861)
Loss from operations before income taxes	<u>\$ 446</u>	<u>\$ (23,320)</u>
Consolidated Operating Margin	<u>4.3%</u>	<u>(-5%)</u>

(1) See Special & Restructuring (Recoveries) Charges, net in Note 5 to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for additional details.

(2) Acquisition amortization and depreciation is recorded in either cost of revenues or selling, general, and administrative expenses depending upon the nature of the underlying asset.

Energy Segment

(in thousands, except percentages)	Three Months Ended		
	March 31, 2019	April 1, 2018	Change
Net Revenue as reported	\$ 98,417	\$ 99,972	\$ (1,555)
Net Revenues excluding divestiture (1)	95,311	85,240	10,071
Segment Operating Income as reported	6,783	5,696	1,087
Segment Operating Income excluding divestiture (2)	6,783	5,688	1,095
Segment Operating Margin	7.1%	6.7%	

(1) Adjusted for the divestiture of our Reliability Services business, which generated revenues of \$3.1 million and \$14.7 million for the three months ended March 31, 2019 and April 1, 2018, respectively.

(2) Adjusted for the divestiture of our Reliability Services business, which contributed \$0.0 million and \$0.0 million to Segment Operating Income for the three months ended March 31, 2019 and April 1, 2018, respectively.

Energy segment net revenues, excluding divestiture, increased \$10.1 million, or 12%, for the three months ended March 31, 2019 compared to the three months ended April 1, 2018. The increase was primarily driven by increases within our Refinery Valves business (+13%), our Engineered Valves business (+7%), and Other Oil & Gas business (+4%), partially offset by declines within our North American Distributed Valves business (-10%) and unfavorable foreign currency fluctuations (-2%). Energy segment orders decreased \$62 million, or (-48%), for the three months ended March 31, 2019 compared to the three months ended April 1, 2018, primarily driven by award push-outs within our Refinery Valves business (-20%), the timing of projects within our Engineered Valves business (-10%), the divestiture of our Reliability Services business (-10%), and order cancellations within our North American Distributed Valves business (-9%).

Segment operating income, excluding divestiture, increased \$1.1 million, or 19%, to \$6.8 million for the three months ended March 31, 2019 compared to the three months ended April 1, 2018. The increase was primarily driven by our Refinery Valves business (+46%), Other Oil & Gas business (+18%), and Energy headquarters (+13%), partially offset by decreases within our North American Distributed Valves business (-53%) and our Engineered Valves business (-3%).

The increase in Segment Operating Margin from 6.7% to 7.1% was primarily driven by higher revenue, partially offset by Refinery Valves unfavorable product mix and ramp-up costs for our Monterrey, Mexico manufacturing facility.

Aerospace & Defense Segment

(in thousands, except percentages)	Three Months Ended		
	March 31, 2019	April 1, 2018	Change
Net Revenues	\$ 61,240	\$ 58,477	\$ 2,763
Segment Operating Income	9,374	8,931	443
Segment Operating Margin	15.3%	15.3%	

Aerospace & Defense segment net revenues increased by \$2.8 million, or 5%, to \$61.2 million for the three months ended March 31, 2019 compared to the three months ended April 1, 2018. The increase was primarily driven by increases in our U.S. actuation and fluid controls businesses (+8%) and our French business (+2%), partially offset by declines in our defense-related business ("Pumps Defense") (-3%) and unfavorable foreign currency fluctuations (-2%). Aerospace & Defense segment orders increased \$28.3 million, or 47%, for the three months ended March 31, 2019 compared to the three months ended April 1, 2018, primarily driven by our U.S. fluid controls business (+29%), our Pumps Defense business (+16%), and our U.K. business (+2%). The increase in our orders for our U.S. fluid controls business is attributed to the timing of large Defense orders, primarily the Joint Strike Fighter program.

Segment operating income increased to \$9.4 million, or 5%, for the three months ended March 31, 2019 compared to the three months ended April 1, 2018. The increase in operating income was primarily driven by the U.S. fluid control business (+12%), partially offset by declines in our Pumps Defense businesses (-8%).

Segment Operating Margin remained consistent at 15.3% to 15.3% with the prior year quarter, attributed to unfavorable manufacturing productivity in our US actuation business offsetting the impact of higher sales volume and lower OPEX allocations.

Industrial Segment

(in thousands, except percentages)	Three Months Ended		
	March 31, 2019	April 1, 2018	Change
Net Revenues	\$ 110,738	117,131	\$ (6,393)
Net Revenues excluding divestiture (1)	110,738	113,234	(2,496)
Segment Operating Income	10,787	12,948	(2,161)
Segment Operating Income excluding divestiture (2)	10,787	12,873	(2,086)
Segment Operating Margin (adjusted)	9.7%	11.4%	

(1) Adjusted for the divestiture of our Rosscor B.V. and SES International B.V. subsidiaries (the "Delden Business"), which generated revenues of \$0.0 million and \$3.9 million for the three months ended March 31, 2019 and April 1, 2018, respectively.

(2) Adjusted for the divestiture of the Delden Business, which contributed \$0.0 million and \$0.1 million to Segment Operating Income for the three months ended March 31, 2019 and April 1, 2018, respectively.

Industrial segment net revenues, excluding divestiture, decreased \$(2.5) million, or (-2%), to \$110.7 million, for the three months ended March 31, 2019 compared to the three months ended April 1, 2018. The decrease was primarily driven unfavorable foreign currency fluctuations (-6%), partially offset by increases within the Pumps Businesses (+2%) and our North American Valves business (+2%). Industrial segment orders decreased (\$12.9) million, or (-9%), for the three months ended March 31, 2019 compared to the three months ended April 1, 2018, primarily driven by the divestiture and unfavorable foreign exchange of \$11.6 million.

Segment operating income decreased \$(2.1) million, or (-17%), for the three months ended March 31, 2019 compared to the three months ended April 1, 2018, primarily driven by volume declines and one-time expenses coupled with discrete costs associated with the divestiture of non-core assets.

Corporate Expenses

Corporate expenses were \$6.7 million for the three months ended March 31, 2019 compared to \$7.8 million for the three months ended April 1, 2018. The decrease from the prior year was primarily driven by lower professional fees and Fluid Handling integration costs.

Special and Restructuring (Recoveries) Charges, net

During the three months ended March 31, 2019 and April 1, 2018, the Company recorded a net recovery of \$7.8 million and a net charge of \$12.4 million, respectively, within our condensed consolidated statements of (loss) income caption "Special and restructuring (recoveries) charges, net". These special and restructuring (recoveries) charges, net are described in further detail in Note 5 to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Acquisition amortization

During the three months ended March 31, 2019 and April 1, 2018, the Company recorded amortization expense of \$12.1 million and \$11.8 million, respectively, for intangibles acquired in acquisitions completed subsequent to December 31, 2011. These amortization expenses are recorded in either cost of revenues or selling, general, and administrative expenses depending upon the nature of the underlying asset.

Acquisition step-up depreciation

During the three months ended March 31, 2019 and April 1, 2018, the Company recorded depreciation expense of \$1.1 million and \$1.8 million, respectively, related to the step-up to fair value of the plant, property, and equipment related to the FH acquisition.

Interest Expense, net

Interest expense increased \$1.4 million to \$13.2 million in the three months ended March 31, 2019 compared to the three months ended April 1, 2018. The change in interest expense was primarily due to higher interest rates along with interest expense on our swap, partially offset by lower debt balances.

Other Income, net

During the three months ended March 31, 2019, we had other income, net of \$1.9 million, as compared to other income, net of \$1.9 million for the three months ended April 1, 2018. Income for the period primarily relates to net pension income for the retirement plans we acquired as part of the FH acquisition. Effective January 1, 2018 all non-service pension gains and losses are recorded in the Other (Income) Expense, net caption on our condensed consolidated statement of (loss) income.

Comprehensive Income (Loss)

During the three months ended March 31, 2019 we had comprehensive income of \$15.6 million, as compared to comprehensive loss of \$9.1 million for the three months ended April 1, 2018. The change in comprehensive income (loss) is further outlined in our Condensed Consolidated Statements of Comprehensive Income (Loss) included in this Quarterly Report on Form 10-Q.

(Provision for) / Benefit from Income Taxes

The table below outlines the change in effective tax rate for the three months ended March 31, 2019 as compared to the three months ended April 1, 2018 (in thousands, except percentages).

	Three months ended	
	March 31, 2019	April 1, 2018
INCOME/(LOSS) BEFORE INCOME TAXES	\$ 446	\$ (23,320)
U.S. tax rate	21.0 %	21.0 %
Foreign derived intangible income - US impact	81 %	— %
U.S. permanent differences	46.5 %	4.0 %
Foreign Tax rate differential	(67.6)%	(1.9)%
Global Intangible Low-Taxed Income impact	(33.7)%	(9.2)%
Intercompany financing	181.5 %	8.6 %
Divestiture of Reliability Services	595.4 %	— %
Other	316.0 %	2.9 %
Effective tax rate	1,140.1 %	25.2 %
(Provision for)/ Benefit from income taxes	\$ (5,079)	\$ 5,879

The tax impact of the sale of the Reliability Services business reflects a partial disposition of goodwill that is not deductible for tax purposes. In addition, the "Other" amounts for the three months ended March 31, 2019 is primarily comprised of non-deductible tax impact of equity compensation.

Restructuring Actions

During 2018 and 2017, we initiated certain restructuring actions (the "2018 Actions" and the "2017 Actions"), respectively. Under these restructurings, we reduced costs, primarily through reductions in workforce and closing a number of smaller facilities. In the fourth quarter of 2018, the Company announced the closure and discontinuance of manufacturing operations at the Energy Group's Oklahoma City site ("OKC Closure").

The table below (in millions) outlines the cumulative effects on past and future earnings resulting from our announced restructuring plans.

	Cumulative Planned Savings	Cumulative Projected Savings	Expected Periods of Savings Realization
OKC Closure (1)	\$ 1.0	\$ 1.0	Q4 2018 - Q4 2019
2018 Actions	8.2	8.2	Q2 2018 - Q3 2019
2017 Actions	6.9	6.9	Q2 2017 - Q4 2018
Total Savings	\$ 16.1	\$ 16.1	

(1) - Savings figures above represent only the structural savings as a result of the closure and exit of the manufacturing facility at the Energy Group's Oklahoma City site. As part of this action, we expect margin expansion within our Energy Group primarily due to the lower labor rates in Mexico as we deliver on the volume. The savings amounts above do not include the benefit from the anticipated margin expansion.

As shown in the table above, our projected cumulative restructuring savings are aligned with our cumulative planned savings amounts. The expected periods of realization of the restructuring savings are fairly consistent with our original plans. Our restructuring actions are funded by cash generated by operations.

We expect to incur net restructuring related charges between \$2.7 million and \$3.3 million to complete the OKC Closure ending by the third quarter of 2019. The OKC Closure net restructuring charge projection does not contemplate the potential benefit of selling the facility. The 2018 Actions were finalized in the first quarter of 2019, while the 2017 Actions were finalized during the fourth quarter of 2017.

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, acquisitions, and debt service costs. We have historically generated cash from operations and 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 month periods indicated (in thousands):

	March 31, 2019	April 1, 2018
Cash flow provided by (used in):		
Operating activities	\$ (22,378)	\$ (145)
Investing activities	79,632	(8,141)
Financing activities	(53,100)	20,240
Effect of exchange rate changes on cash, cash equivalents and restricted cash	957	956
(Decrease) / Increase in cash, cash equivalents and restricted cash	<u>\$ 5,111</u>	<u>\$ 12,910</u>

During the three months ended March 31, 2019, we used \$22.4 million of cash from operations compared to \$0.1 million during the same period in 2018. The \$22.2 million increase in use of cash was primarily driven by one-time catch-ups in the prior period of overdue collections along with a pricing reimbursement totaling \$30.1 million and higher vendor payments of \$13.8 million, partially offset by improved management of inventory of \$11.4 million as compared to the same period in 2018.

During the three months ended March 31, 2019, we generated \$79.6 million of cash by investing activities as compared to using cash of \$8.1 million in investing activities during the same period in 2018. The \$87.8 million year over year increase in cash generated was primarily driven by the sale of our Reliability Services business in January 2019 for \$83.3 million and lower purchases of property, plant, and equipment of \$4.5 million.

During the three months ended March 31, 2019, we used cash of \$53.1 million from financing activities as compared to \$20.2 million cash provided from financing activities during the same period in 2018. The \$73.3 million year over year decrease in cash generated from financing activities relates to an increase of \$80.9 million of net payments under our revolving credit facility, partially offset by \$7.9 million of cash returned to the seller of the FH business during the first quarter of 2018.

As of March 31, 2019, total debt (including current portion) was \$733.7 million compared to \$786.0 million as of December 31, 2018. Total debt as a percentage of total shareholders' equity was 140% as of March 31, 2019 compared to 149% as of December 31, 2018. As of March 31, 2019, we had available capacity to borrow an additional \$94.1 million under our revolving credit facility. On April 12, 2018, the Company entered into a hedging agreement to mitigate the inherent risk associated with our outstanding debt. Refer to Note 9, "Financial Instruments", of the condensed consolidated financial statements included within this Quarterly Report Form 10-Q.

We entered into a secured Credit Agreement, dated as of December 11, 2017 ("2017 Credit Agreement"), which provides for a \$150.0 million revolving line of credit with a five year maturity and a \$785.0 million term loan with a seven year maturity which was funded at closing of the FH acquisition in full. We entered into the 2017 Credit Agreement to fund acquisitions, such as the acquisition of FH, to support our operational growth initiatives and working capital needs, and for general corporate purposes. As of March 31, 2019, we had borrowings of \$733.7 million outstanding under the 2017 Credit Agreement and \$74.4 million outstanding on letters of credit.

The 2017 Credit Agreement contains covenants that require, among other items, maintenance of certain financial ratios and also limits 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 which limits our ability to borrow under the credit facility. The primary financial covenant is first lien net leverage, a ratio of total secured debt (less cash and cash equivalents) to total adjusted earnings before interest expense, taxes, depreciation, and amortization based on the 12 months ended at the testing period. We were in compliance with all financial covenants related to our existing debt obligations at March 31, 2019 and we believe it is likely that we will continue to meet such covenants for at least the next twelve months from date of issuance of the financial statements.

Our ratio of current assets to current liabilities was 2.3:1 as of March 31, 2019, which reflected no change from December 31, 2018.

As of March 31, 2019, cash, cash equivalents, and short-term investments totaled \$73.6 million. These cash and cash equivalent balances are substantially all held in foreign bank accounts. This compares to \$68.5 million of cash, cash equivalents, and short-term investments as of December 31, 2018, 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 U.S. or other jurisdictions without certain tax implications. On a provisional basis, the Company does not expect to owe the one-time transition tax liability, based on foreign tax pools that are in excess of U.S. tax rates. We believe that our U.S. based subsidiaries, in the aggregate, will generate positive operating cash flows and in addition we may utilize our 2017 Credit Agreement for U.S. based cash needs.

We expect to generate positive cash flow from operating activities sufficient to support our capital expenditures and service our debt. Based on our expected cash flows from operations and contractually available borrowings under our credit facility, we expect to have sufficient liquidity to fund working capital needs and future growth over at least the next twelve months from date of filing the quarterly financial statements. On February 28, 2018, we announced the suspension of our nominal dividend, as part of our capital deployment strategy.

There is currently significant uncertainty about the future relationship between the United States and China, including with respect to trade policies, treaties, government regulations and tariffs. The current U.S. administration has called for substantial changes to U.S. foreign trade policy including greater restrictions on international trade and significant increases in tariffs on goods imported into the U.S. Under the current status, we expect that tariff increases will primarily impact Distributed Valves product lines. The annual impact of the tariff increase will result in higher costs of imported material, which we do not currently expect to be material.

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

Business performance in the Oil & Gas refining sector is largely tied to refining margins, which are also driven by the market price of crude oil and gasoline demand. Seasonal factors such as hurricanes and peak gasoline demand in the summer months may also drive high crack spread margins. During periods when high crack spread margins exist, refineries prefer to operate continuously at full capacity. Refiners may decide to delay planned maintenance (commonly called “unit turnarounds”) during these periods to maximize their returns. Refining crack spread margins moderated in 2018, which resulted in unit turnarounds. As a result, the timing of major capital projects in our severe service refinery valves business were impacted. While planned maintenance and unit turnarounds are necessary for safe and efficient operation of the refineries, project timing driven by these factors may continue to create fluctuations in our performance.

The commercial marine market experienced a historically unprecedented decade-long increase in new ship builds beginning in 2004 to meet the increase in global trade demand. This created an over-supply of capacity that resulted in a slowdown of new ship contracts between 2015 to 2018. The pumps that we supply to the commercial marine market are first supplied during commissioning of a new vessel, with aftermarket business over the lifetime of that vessel. While we have experienced increased aftermarket business during the past decade as the global shipping fleet has expanded, the downturn in new ship builds starting in 2015 has negatively impacted our new equipment commercial marine business. Any extended downturn in the commercial marine market could have a material adverse effect on our business.

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.

Interest Rate Risk

Loans under our credit facility bear interest at variable rates which reset every 30 to 180 days depending on the rate and period selected by the Company. The Company entered into a hedging agreement to mitigate the inherent rate risk associated with our outstanding debt. Refer to Note 9, “Financial Instruments”, of the condensed consolidated financial statements included in this Quarterly Report Form 10-Q.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) (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 that evaluation, our CEO and CFO concluded that, as of March 31, 2019, the Company’s disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

Effective January 1, 2019 we adopted ASC 842, Leases. In connection with our adoption, we implemented certain lease controls across the organization to ensure compliance with the new lease standard. There were no other changes in our internal control over financial reporting during the quarter ended March 31, 2019 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 three paragraphs of Note 11 to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q, 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, 2018.

ITEM 6. EXHIBITS

Exhibit No.	Description and Location
<u>10.1*</u>	Form of Performance-Based Restricted Stock Unit Agreement for Employees under the 2014 Stock Option and Incentive Plan.
<u>10.2*</u>	Form of Management Stock Purchase Plan Restricted Stock Unit Agreement for Employees and Directors under the 2014 Stock Option and Incentive Plan
<u>10.3*</u>	Form of Non-Qualified Stock Option Agreement For Employees under the 2014 Stock Option And Incentive Plan
<u>10.4*</u>	Form of Restricted Stock Unit Agreement for Employees under the 2014 Stock Option and Incentive Plan
<u>10.5*</u>	Form of Restricted Stock Unit Agreement for Directors under the 2014 Stock Option and Incentive Plan
<u>10.6</u>	Executive Change of Control Agreement between the Company and Chadi Chahine, dated January 7, 2019, incorporated herein by reference to Exhibit 10.39 to the Company's Annual Report on Form 10-K (File No. 001-14962), filed with the SEC on March 1, 2019
<u>10.7</u>	Severance Agreement, dated January 7, 2019, between the Company and Chadi Chahine, incorporated herein by reference to Exhibit 10.40 to the Company's Annual Report on Form 10-K (File No. 001-14962), filed with the SEC on March 1, 2019
<u>31.1*</u>	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
<u>31.2*</u>	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
<u>32**</u>	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 (Unaudited) from CIRCOR International, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2019, as filed with the Securities and Exchange Commission on May 7, 2019, formatted in XBRL (eXtensible Business Reporting Language), as follows: <ul style="list-style-type: none">(i) Condensed Consolidated Balance Sheets as of March 31, 2019 and December 31, 2018(ii) Condensed Consolidated Statements of (Loss) Income for the Three Months Ended March 31, 2019 and April 1, 2018(iii) Condensed Consolidated Statements of Comprehensive (Loss) Income for the Three Months Ended March 31, 2019 and April 1, 2018(iv) Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2019 and April 1, 2018(v) Condensed Consolidated Statement of Shareholder's Equity as of Three Months Ended March 31, 2019 and December 31, 2018(vi) Notes to Condensed Consolidated Financial Statements

* 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.

May 14, 2019

/s/ Scott A. Buckhout

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

May 14, 2019

/s/ Chadi Chahine

Chadi Chahine
Senior Vice President and Chief Financial Officer
Principal Financial Officer

May 14, 2019

/s/ David F. Mullen

David F. Mullen
Senior Vice President and Corporate Controller
Principal Accounting Officer

**PERFORMANCE-BASED RESTRICTED STOCK UNIT AGREEMENT
FOR EMPLOYEES UNDER THE
CIRCOR INTERNATIONAL, INC.
2014 STOCK OPTION AND INCENTIVE PLAN**

Name of Awardee: Participant Name

Awardee Solium Number: XXXX

Target Number of Performance Based Restricted Stock Units: XXXX (the "Target Performance Based Award")

Award Date: March 4, 2019

Pursuant to the CIRCOR International, Inc. 2014 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 in this Performance-Based Restricted Stock Unit Agreement (the "Award Agreement") and in the Plan. Except as specifically provided below, an RSU shall only be settled for Stock (as defined below) if it has been earned under paragraph 1 and has become vested as provided in either paragraph 2 or paragraph 4 below.

1. Earned RSUs.

(a) Subject to paragraph 1(d) below, one third of the Target Number of Performance Based RSUs may be earned during the 2019 fiscal year ("Tranche 1"), the twenty-four month period beginning on January 1, 2019 ("Tranche 2") and the thirty-six month period beginning on January 1, 2019 ("Tranche 3") (each, a "Tranche" and collective, the "Tranches").

(b) The number of RSUs earned during each Tranche shall be based fifty percent on the Company's Adjusted Free Cash Flow ("Adjusted FCF") and Adjusted Operating Margin ("Adjusted OM" or "AOM") for the period of time corresponding to that Tranche.

(i) "Free Cash Flow" or "FCF" with respect to a fiscal year is calculated by adding the Company's cash provided by operating activities less capital expenditures for that year.

(ii) "Operating Margin" or "OM" with respect to a fiscal year is calculated by dividing the Company's income from operations by the Company's net sales for that year, where income from operations and net sales are each as set forth in the audited consolidated financial statements of the Company.

The Committee shall determine in its discretion Adjusted FCF and AOM based on FCF and OM, respectively after adjusting for events not considered in determining the initial performance targets. Such adjustments, include but are not limited to, restructuring and restructuring related charges; goodwill impairment charges, changes in the law or in accounting standards; the impact of significant acquisitions and divestitures of businesses; and other non-recurring financial statement impacts to net earnings from continuing operations, fixed assets and/or working capital disclosed in the Company's audited consolidated financial statements, and notes thereto, in order to keep the financial statements from being misleading.

(c) Subject to paragraph 4 below, the percentage of RSUs earned with respect to a Tranche based on Adjusted FCF and AOM shall be determined pursuant to the chart set forth in Exhibit A to this Award Agreement. For purposes of this paragraph 1(c), the "Performance Goals" for the Award shall be Adjusted FCF and AOM.

(d) Unearned RSUs for a Tranche due to not attaining performance at Threshold for a Performance Goal as set forth on Exhibit A (the "Below Threshold RSUs") may be partially earned in the next following Tranche. The number of Below Threshold RSUs earned based on performance during the

next following Tranche shall be calculated based on the earned percentage for that Performance Goal earned during such next following Tranche, but in no event at more than 100% of Target as set forth in Exhibit A for that Performance Goal. In addition, in the event that there are Below Threshold RSUs allocable to Tranche 1 and Tranche 2 with respect to a Performance Goal, such RSUs may be earned based on performance during Tranche 3, with the number of such Below Threshold RSUs being calculated based on the earned percentage for that Performance Goal during Tranche 3, but in no event at more than 100% of Target as set forth in Exhibit A for that Performance Goal.

2. Vesting Schedule. Unless otherwise set forth in this Award Agreement, Tranche 1 shall vest on the last day of the 2019 fiscal year, Tranche 2 shall vest on December 31, 2020 and Tranche 3 shall vest on December 31, 2021, in each case assuming the Awardee is employed on the relevant vesting date. RSUs vesting under this paragraph 2 shall be settled within sixty (60) days of the applicable vesting date. In the event of a Change in Control prior to the end of a Tranche, there shall be immediate vesting of that number of RSUs equaling the greater of (i) the portion of the Target Performance Based Award attributable to that Tranche and (ii) that amount that is determined by applying paragraph 1 above except that the period of time with respect to any such uncompleted Tranche shall be deemed to consist of those fiscal years or portions of fiscal years that have been completed most recently prior to the Change in Control. If a Change in Control occurs following the end of the last Tranche, there shall be immediate vesting of that number of earned RSUs determined in accordance with paragraph 1 above. RSUs that vested under this paragraph 2 shall be deemed to be earned under this Award Agreement, and shall be distributed as soon as reasonably practicable after a Change in Control except as provided under paragraph 6 below.

3. Deferral of Award.

a) Subject to paragraph 2 above (regarding vesting in connection with a Change in Control), each vested RSU entitles Awardee to receive one share of the Company's Common Stock (the "Stock") on the later of (i) the date on which such RSU becomes vested under this Agreement 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 that are eligible to be deferred under this paragraph 3; 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 (but not later than sixty (60) days) after 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, but in no event later than the end of the calendar year in which the Awardee earned a vested right to payment. 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 4 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) with respect to Earned RSUs 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 that 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 paragraph 4, Awardee's right in any RSUs that are not vested, whether or not earned under paragraph 1 above, 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 with respect to any Tranche that is not completed within 60 days of such termination of employment shall be deemed earned and vested as of the Awardee's date of death and the Company, within 60 days following the effective date of such termination shall issue all outstanding shares of Stock with respect to such RSUs to Awardee's designated beneficiary or, if there is no designated beneficiary, the Awardee's estate executor. In the event, however, that within such 60 day period, a Tranche has been completed, then the number of Performance-Based RSUs to be settled with an issuance of Stock shall be based on the actual results for such Tranche as calculated in accordance with paragraph 1 and such distribution shall be made as soon as reasonably practicable after the end of such Tranche.

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 with respect to any Tranche that is not completed within 60 days of such termination of employment shall be deemed earned and vested as of the date of such qualifying disability and the Company, within 60 days following the effective date of such termination, shall issue all outstanding shares of Stock with respect to such RSUs to Awardee or, if applicable, the Awardee's guardian. In the event, however, that within such 60 day period, a Tranche has been completed, then the number of Performance-Based RSUs to be settled with the issuance of Stock shall be based on the actual results for such Tranche as calculated in accordance with paragraph 1 and such distribution shall be made as soon as reasonably practicable after the end of such Tranche.

c) Termination Due to Retirement. If the Awardee's employment is terminated by reason of Retirement, Awardee will be entitled to that number of earned RSUs Awardee would have achieved under paragraph 1 with respect to each Tranche but for such Retirement, multiplied by a fraction (but not greater than 1) that is equal to the number of completed fiscal months that the Awardee was employed by the Company after the Award Date divided by the number of months in such Tranche. The shares underlying such RSUs will be distributed as contemplated under paragraph 2 above as if the Awardee remained employed with the Company; provided, however, that 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. For purposes of this Agreement, "Retirement" means that the Awardee has voluntarily terminated employment with the Company and its Subsidiaries after having completed at least five years of service (as determined under the Company's 401(k) plan) and attained at least fifty-five (55) years of age and, prior to such employment termination, the Awardee has: (i) given the Company's Chief Human Relations Officer ("CHRO") or the Awardee's immediate supervisor at least three months' prior written notice (or such shorter period of time approved in writing by the CHRO or your immediate supervisor) of the intended retirement date and (ii) completed transition duties and responsibilities as determined by the CHRO and/or the Awardee's immediate supervisor during the notice period in a satisfactory manner, as reasonably determined by either of them.

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) Discretionary Vesting Acceleration. The Administrator, in its absolute discretion, may accelerate the vesting of the balance, or some lesser portion of the balance, of the unvested RSUs at any time; provided that, the time or schedule of any amount to be settled pursuant to the terms of this Award Agreement that provides for the deferral of compensation under Section 409A, may not be accelerated except as otherwise permitted under Section 409A. If so accelerated, such RSUs shall be considered as having vested as of the date specified by the Administrator.

h) 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 Award Agreement to the contrary notwithstanding, the Awardee hereby acknowledges and agrees that any compensation payable under this Award 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 a period of time within a Tranche becomes necessary, the amount of the Award shall be reduced as required under the Company's clawback policy as in effect from time to time 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.

a) RSUs under this Award that are not subject to a valid deferral election are generally intended to be exempt from Section 409A of the Code as short-term deferrals and, accordingly, the terms of this Award Agreement shall be construed to preserve such exemption. To the extent that RSUs granted under this Award Agreement are subject to the requirements of Section 409A, this Award Agreement shall be interpreted and administered in accordance with the intent that the Awardee not be subject to tax under Section 409A. Neither the Company nor any of its affiliates, shall be liable to any Awardee (or any other individual claiming a benefit through the Awardee) for any tax, interest, or penalties the Awardee might owe as a result of participation in the Plan, and the Company and its affiliates shall have no obligation to indemnify or otherwise protect the Awardee from the obligation to pay any taxes pursuant to Section 409A of the Code.

b) Anything in this Award Agreement to the contrary notwithstanding, (i) 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 Award 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, (ii) no amount shall be paid immediately upon a Change in Control unless it also qualifies as either a "change in the effective control of a corporation", a "change in the ownership of a corporation" or a "change in the ownership of a substantial portion of a corporation's assets" under Treas. Reg. § 1.409A-3(i)(5)(v), and each Tranche of RSUs granted hereunder shall be treated as a separate payment for purposes of Section 409A of the Code.

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 Award Agreement shall have the meaning specified in the Plan, unless a different meaning is specified herein.

8. Transferability. This Award 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 or estate.

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 or such higher amount as may be permitted by the directors from time to time. 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 Award Agreement without Awardee's consent.

CIRCOR INTERNATIONAL, INC.



By:

Scott Buckhout

Title: **President and CEO**

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

Date:

Name: Awardee

**MSP RESTRICTED STOCK UNIT AGREEMENT
FOR EMPLOYEES AND DIRECTORS UNDER THE
CIRCOR INTERNATIONAL, INC.
2014 STOCK OPTION AND INCENTIVE PLAN
Award of RSUs Under the CIRCOR International, Inc.
Management Stock Purchase Plan "MSP" Bonus Deferral Award**

Name of Awardee: Participant Name
Awardee Solium Number: XXX
Number of Restricted Stock Units: XXXX
Award Date: March 4, 2019

Pursuant to the CIRCOR International, Inc. 2014 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 Restricted Stock Units ("RSUs") subject to the terms and conditions set forth herein and in the Plan and the CIRCOR International Inc. Management Stock Purchase Plan ("MSP"). You elected under the MSP Bonus Deferral and RSU Subscription Agreement to receive an award of Restricted Stock Units (RSUs) in lieu of all or a portion of your annual incentive bonus for fiscal the year ended December 31, 2018 ("Fiscal 2018"). Based on your election, you have been awarded RSUs effective as of the Award Date.

1. Vesting Schedule. No portion of this Award may be received until such portion shall have vested. Except as otherwise set forth in this Agreement or in the Plan, the RSUs will cliff vest at the end of a three-year period on the following basis, subject to employment (or, in the case of directors, continued directorship) with the Company on the vesting date:

Number of Restricted Stock Units	<u>Vesting Date</u>
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(XXX)	March 4, 2022
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Except as otherwise specifically provided in a written agreement between the Company and the Awardee, this Award shall be subject to adjustment in connection with a Change in Control as provided in Section 14 of the Plan as determined in the Administrator's sole discretion. This Award shall not automatically vest upon a Change in Control.

2. 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. (If no deferral period is specified on the Deferral Election Form, Stock will be issued as soon as practicable (but not more than thirty (30) days) following vesting of the RSUs, as determined in the Committee's sole discretion).

(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

settlement of such RSUs in shares of Stock, 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 settlement of such RSUs in shares of Stock.

3. Termination of Employment or Other Business Relationship. If Awardee's employment by 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 Section VI. of the MSP , 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 MSP, and shall be of no further force and effect. Except as specifically provided to the contrary in Section VI of the MSP, Awardee's sole rights with respect to the cancelled RSUs shall be to receive a return of the bonus or retainer deferral. 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. The Administrator for purposes of this Award shall be the Compensation Committee of the Board unless determined otherwise under the Plan.

4. Clawback Provision. If Awardee is an employee of the Company, 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 Fiscal 2018 becomes necessary within three (3) years of the date of this Award, 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 annual incentive bonus achievement would have been for Fiscal 2018 after giving effect to such Restatement.

5. Section 409A. Payments under this Agreement are intended to comply with Section 409A of the United States Internal Revenue Code of 1986, as amended (the "Code"). 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 Code of 1986 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 any earlier than 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. Neither the Company nor any of its affiliates shall be liable to the Awardee (or any other individual claiming a benefit through the Awardee) for any tax, interest, or penalties the Awardee might owe as a result of participation in the Plan, and the Company and its affiliates shall have no obligation to indemnify or otherwise protect the Awardee from the obligation to pay any taxes pursuant to Section 409A of the Code.

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

7. 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 or estate.

8. Tax Withholding. If Awardee is an employee, Awardee shall, not later than the date as of which the Award becomes a taxable event for Federal income tax purposes, pay to the Company or make arrangements satisfactory to the Committee for payment of any Federal, state, and local taxes required by law to be withheld on account of such taxable event. The Awardee may elect, subject to the approval of the

Administrator, to satisfy tax withholding obligations, in whole or in part, by having the Company withhold such number of shares of Stock elected by the Participant not in excess of the maximum amount required for federal, state and local tax withholding attributable to the settlement of this Award. 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.

9. 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" means all customers of any such business of the Company. Notwithstanding the provisions of this paragraph 9, if Awardee is an employee or resident of a state in which non-compete provisions of the type set forth in this paragraph 9 are not enforceable, then the non-compete provisions of this paragraph 9 shall not apply; the non-solicitation provisions of this paragraph 9, 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 9 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.

10. Effect of Employment Agreement. If Awardee is a party to an employment agreement with the Company and any provisions set forth in such employment agreement conflict with the provisions set forth in this Restricted Stock Unit Award Agreement, the provisions set forth in such employment agreement shall override such conflicting provisions set forth herein.

11. 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 or dictatorship by the Company or any Subsidiary.

(c) Pursuant to 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.

CIRCOR INTERNATIONAL, INC.



By:

Scott Buckhout

Title: **President and CEO**

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

Date:

Name: Awardee

**NON-QUALIFIED STOCK OPTION AGREEMENT
FOR EMPLOYEES UNDER THE
CIRCOR INTERNATIONAL, INC.
2014 STOCK OPTION AND INCENTIVE PLAN**

Name of Awardee: Participant Name
Awardee Solium Number: XXX
Number of Stock Options: XXXX
Option Exercise Price per Share: \$XX.XX
Award Date: March 4, 2019
Expiration Date: March 4, 2026

Pursuant to the CIRCOR International, Inc. 2014 Stock Option and Incentive Plan (the "Plan"), CIRCOR International, Inc. (the "Company") hereby grants to the Awardee named above, who is an officer or employee of the Company or any of its Subsidiaries, an option (the "Stock Option") to purchase on or prior to the Expiration Date specified above all or part of the number of shares (the "Options") of Common Stock, par value \$.01 per share (the "Stock") of the Company specified above at the Option Exercise Price per Share specified above, subject to the terms and conditions set forth herein and in the Plan. This Stock Option is not intended to be an "incentive stock option" under Section 422 of the Internal Revenue Code of 1986, as amended.

1. Vesting Schedule. No portion of this Stock Option may be exercised until such portion shall have vested. Except as set forth below, and subject to the discretion of the Administrator (as defined in Section 2 of the Plan) to accelerate the vesting schedule hereunder, this Stock Option shall be vested and exercisable with respect to the following number of Options on the dates indicated:

	Number of	
	<u>Options Exercisable</u>	<u>Vesting Date</u>
(XXX)	one-third	March 4, 2020
(XXX)	one-third	March 4, 2021
(XXX)	one-third	March 4, 2022

Except as otherwise specifically provided in a written agreement between the Company and the Awardee, this Award shall be subject to adjustment in connection with a Change in Control as provided in Section 14 of the Plan as determined in the Administrator's sole discretion. This Award shall not automatically vest upon a Change in Control.

2. Manner of Exercise.

(a) The Awardee may exercise this Stock Option only in the following manner: from time to time on or prior to the Expiration Date of this Stock Option, the Awardee must obtain approval from the Company's Legal Counsel of his or her election to purchase some or all of the vested Options purchasable at the time of such notice. This notice shall specify the number of Options to be purchased. Once approval is obtained, the Administrator will change Awardee's status in Solium to allow for an Option transaction. Awardee may then log in to their Solium account and exercise the Options in one of four ways: (i) Exercise Options and sell all shares (also known as Cashless Exercise) (ii) Exercise Options and sell just enough shares to pay for the Options and hold the remaining shares (also known as Sell to Cover), (iii) Exercise options and hold the shares (also known as Exercise and Hold); or (iv) Exercise Options under the "net exercise method" pursuant to which a sufficient number of shares will be withheld by the Company to pay for the exercise price and required tax withholding with the remaining shares issued to the Awardee.

Alternatively, payment of the purchase price for the Options may be made by one or more of the following methods: (i) in cash, by certified or bank check or other instrument acceptable to the Administrator; (ii) by the Awardee delivering (or attesting to the ownership of) shares of Stock that have been purchased by the Awardee on the open market or that have been beneficially owned by the Awardee for at least six months and that are not then subject to restrictions under any Company plan; (iii) by the Awardee delivering to the Company

a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company to pay the option purchase price, provided that in the event the Awardee chooses to pay the option purchase price as so provided, the Awardee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Administrator shall prescribe as a condition of such payment procedure; or (iv) a combination of (i), (ii) and (iii) above. Payment instruments will be received subject to collection.

The transfer to the Awardee on the records of the Company or of the transfer agent of the Options will be contingent upon (i) the Company's receipt from the Awardee of the full purchase price for the Options, as set forth above, (ii) the fulfillment of any other requirements contained herein or in the Plan or in any other agreement or provision of laws, and (iii) the receipt by the Company of any agreement, statement or other evidence that the Company may require to satisfy itself that the issuance of Stock to be purchased pursuant to the exercise of Stock Options under the Plan and any subsequent resale of the shares of Stock will be in compliance with applicable laws and regulations. In the event the Awardee chooses to pay the purchase price by previously-owned shares of Stock through the attestation method, the number of shares of Stock transferred to the Awardee upon the exercise of the Stock Option shall be net of the shares attested to.

(b) The shares of Stock purchased upon exercise of this Stock Option shall be transferred to the Awardee on the records of the Company or of the transfer agent upon compliance to the satisfaction of the Administrator with all requirements under applicable laws or regulations in connection with such transfer and with the requirements hereof and of the Plan. The determination of the Administrator as to such compliance shall be final and binding on the Awardee. The Awardee shall not be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Stock subject to this Stock Option unless and until this Stock Option shall have been exercised pursuant to the terms hereof, the Company or the transfer agent shall have transferred the shares to the Awardee, and the Awardee's name shall have been entered as the stockholder of record on the books of the Company. Thereupon, the Awardee shall have full voting, dividend and other ownership rights with respect to such shares of Stock.

(c) Notwithstanding any other provision hereof or of the Plan, no portion of this Stock Option shall be exercisable after the Expiration Date hereof.

3. Termination of Employment or other Business Relationship. If the Awardee's employment by the Company or a Subsidiary (as defined in the Plan) is terminated, the period within which to exercise this Stock Option may be subject to earlier termination as set forth below.

(a) Termination Due to Death. If the Awardee's employment terminates by reason of the Awardee's death (excluding death by suicide), this Stock Option shall become fully exercisable and may thereafter be exercised by the Awardee's legal representative, beneficiary, or legatee for a period of 12 months from the date of death or until the Expiration Date, if earlier.

(b) Termination Due to Disability. If the Awardee's employment terminates by reason of the Awardee's qualified disability (as defined under the Company's disability plan, 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 employee's), this Stock Option shall become fully exercisable and may thereafter be exercised by the Awardee for a period of 12 months from the date of such termination or until the Expiration Date, if earlier.

(c) Termination Due to Retirement. If the Awardee's employment is terminated by reason of Retirement (as defined below), any portion of this Stock Option may be exercised by the Awardee, to the extent exercisable, by the date of termination. For purposes of this Agreement, "Retirement" means that the Awardee has voluntarily terminated employment with the Company and its Subsidiaries after having completed at least five years of service (as determined under the Company's 401(k) plan) and attained at least fifty-five (55) years of age and, prior to such employment termination, the Awardee has: (i) given the Company's Chief Human Relations Officer ("CHRO") or the Awardee's immediate supervisor at least three months' prior written notice (or such shorter period of time approved in writing by the CHRO or the Awardee's immediate supervisor) of the

intended retirement date and (ii) completed transition duties and responsibilities as determined by the CHRO and/or the Awardee's immediate supervisor during the notice period in a satisfactory manner, as reasonably determined by either of them.

(d) **Termination for Cause.** If the Awardee's employment terminates for Cause (as defined below), this Stock Option 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 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, 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 Stock Option may be exercised by the Awardee, to the extent exercisable on the date of such termination, for a period of three months from the date of termination or until the Expiration Date, if earlier. Any portion of the Stock Option that is not exercisable at such time 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 Stock Option 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, beneficiaries, or legatees. Any portion of this Stock Option that is unvested after the application of this Section 3 shall be cancelled immediately upon any termination of employment and shall not be exercisable by the Awardee.

4. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Stock Option 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.

5. Transferability. This Agreement is personal to the 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 Stock Option is exercisable, during the Awardee's lifetime, only by the Awardee, and thereafter, only by the Awardee's legal representative, beneficiary, or legatee.

6. Tax Withholding. The Awardee shall, not later than the date as of which the exercise of this Stock Option becomes a taxable event for Federal income tax purposes, pay to the Company or make arrangements satisfactory to the Administrator for payment of any Federal, state, and local taxes required by law to be withheld on account of such taxable event. The Awardee may elect, subject to the approval of the Administrator, to satisfy tax withholding obligations, in whole or in part, by having the Company withhold such number of shares of Stock elected by the Participant not in excess of the maximum amount required for federal, state and local tax withholding attributable to the exercise of this Stock Option.

7. 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" means all customers of any such business of the Company. Notwithstanding the provisions of this paragraph 7, if Awardee is an employee or resident of a state in which non-compete provisions of the type set forth in this paragraph 7 are not enforceable, then the non-compete provisions of this paragraph 7 shall not apply; the non-solicitation provisions of this paragraph 7, 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 7 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.

8. Effect of Employment Agreement If the Awardee is a party to an employment agreement with the Company and any provisions set forth in such employment agreement conflict with the provisions set forth in this Stock Option Agreement, the provisions set forth in such employment agreement shall override such conflicting provisions set forth herein.

9. Miscellaneous

(a) Notice hereunder shall be given to the Company at its principal place of business, and shall be given to the 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) Neither the Plan nor this Stock Option confers upon the Awardee any rights with respect to continuance of employment by the Company or any Subsidiary.

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

CIRCOR INTERNATIONAL, INC.



By:

Scott Buckhout

Title: **President and CEO**

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

Date: Name: Awardee

**RESTRICTED STOCK UNIT AGREEMENT
FOR EMPLOYEES UNDER THE
CIRCOR INTERNATIONAL, INC.
2014 STOCK OPTION AND INCENTIVE PLAN**

Name of Awardee: Participant Name
Awardee Solium Number: XXX
Number of Restricted Stock Units: XXXX
Award Date: March 4, 2019

Pursuant to the CIRCOR International, Inc. 2014 Stock Option and Incentive Plan (the "Plan"), CIRCOR International, Inc. (the "Company") hereby grants to the Awardee named above, who is an officer or employee of the Company or any of its Subsidiaries, an award (the "Award") of Restricted Stock Units ("RSUs") subject to the terms and conditions set forth herein and in the Plan.

1. Vesting Schedule. No portion of this Award may be received until such portion shall have vested. Except as otherwise set forth in this Agreement or in the Plan, the RSUs will vest over a three-year period on the following basis, subject to employment with the Company on each vesting date:

	Number of	
	<u>Restricted Stock Units</u>	<u>Vesting Date</u>
(XXX)	one-third	April 4, 2020
(XXX)	one-third	March 4, 2021
(XXX)	one-third	March 4, 2022

Except as otherwise specifically provided in a written agreement between the Company and the Awardee, this Award shall be subject to adjustment in connection with a Change in Control as provided in Section 14 of the Plan as determined in the Administrator's sole discretion. This Award shall not automatically vest upon a Change in Control.

2. 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 three (3), 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).

(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

distribution 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 distribution of such RSUs.

3. 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 3, 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), all outstanding awards shall become vested as of the date of death and the Company, not later than 2 1/2 months following the effective date of such termination, shall issue all outstanding shares of Stock to Awardee's designated beneficiary or estate executor.

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), all outstanding awards shall become vested as of the date of disability and the Company, not later than 2 1/2 months following the effective date of such termination, shall issue all outstanding shares of Stock to Awardee.

c) Termination Due to Retirement. If the Awardee's employment is terminated by reason of Retirement (as defined below), pro-rata vesting of unvested RSUs shall apply based on the number of days elapsed in the vesting period as of the retirement date. The Company shall issue such outstanding shares of Stock not later than 2½ months of the retirement date; provided, however, that 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. For purposes of this Agreement, "Retirement" means that the Awardee has voluntarily terminated employment with the Company and its Subsidiaries after having completed at least five years of service (as determined under the Company's 401(k) plan) and attained at least fifty-five (55) years of age and, prior to such employment termination, the Awardee has: (i) given the Company's Chief Human Relations Officer ("CHRO") or the Awardee's immediate supervisor at least three months' prior written notice (or such shorter period of time approved in writing by the CHRO or your immediate supervisor) of the intended retirement date and (ii) completed transition duties and responsibilities as determined by the CHRO and/or the Awardee's immediate supervisor during the notice period in a satisfactory manner, as reasonably determined by either of them.

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 exercisable 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. Any portion of this Award that is unvested after the application of this Section 3 shall be cancelled immediately upon any termination of employment and shall not be exercisable by the Awardee.

4. **Section 409A.** Unless receipt of Shares is deferred in accordance with this Agreement, payments under this Agreement are intended to be exempt from the application of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and, accordingly, the terms of this Award Agreement shall be construed and administered to preserve such exemption. 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 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 any earlier than 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. Neither the Company nor any of its affiliates shall be liable to the Awardee (or any other individual claiming a benefit through the Awardee) for any tax, interest, or penalties the Awardee might owe as a result of participation in the Plan, and the Company and its affiliates shall have no obligation to indemnify or otherwise protect the Awardee from the obligation to pay any taxes pursuant to Section 409A of the Code.

5. **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.

6. **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 or estate.

7. **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. The Awardee may elect, subject to the approval of the Administrator, to satisfy tax withholding obligations, in whole or in part, by having the Company withhold such number of Shares elected by the Participant not in excess of the maximum amount required for federal, state and local tax withholding attributable to the vesting of this Award and/or the delivery of Shares.

8. **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" means all customers of any such business of the Company. Notwithstanding the provisions of this paragraph 8, if Awardee is an employee or resident of a state in which non-compete provisions of the type set forth in this paragraph 8 are not enforceable, then the non-compete provisions of this paragraph 8 shall not apply; the non-solicitation provisions of this paragraph 8, 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 8 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.

9. Effect of Employment Agreement. If Awardee is a party to an employment agreement with the Company and any provisions set forth in such employment agreement conflict with the provisions set forth in this Restricted Stock Unit Award Agreement, the provisions set forth in such employment agreement shall override such conflicting provisions set forth herein.

10. 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 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.

CIRCOR INTERNATIONAL, INC.



By:

Scott Buckhout

Title: **President and CEO**

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

Date:

Name: Awardee

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**RESTRICTED STOCK UNIT AGREEMENT
FOR DIRECTORS UNDER THE
CIRCOR INTERNATIONAL, INC.
2014 STOCK OPTION AND INCENTIVE PLAN**

Name of Awardee: Participant Name
Awardee Solium Number: XXX
Number of Restricted Stock Units: XXXX
Award Date: March 4, 2019

Pursuant to the CIRCOR International, Inc. 2014 Stock Option and Incentive Plan (the "Plan"), CIRCOR International, Inc. (the "Company") hereby grants to the Awardee named above, who is a director of the Company or any of its Subsidiaries, an award (the "Award") of Restricted Stock Units ("RSUs") subject to the terms and conditions set forth herein and in the Plan.

1. Vesting Schedule. No portion of this Award may be received until such portion shall have vested. Except as otherwise set forth in this Agreement or in the Plan, the RSUs will cliff vest at the end of a one-year and 30 day period on the following basis, subject to continued directorship with the Company on the vesting date:

Number of Restricted Stock Units	<u>Vesting Date</u>
(XXX)	April 4, 2020

In the event of a Change of Control as defined in Section 14.3 of the Plan, this Award shall become immediately vested whether or not this Award or any portion thereof is vested at such time.

2. 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 one (1), 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 (but not later than sixty (60) days) after 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 distribution 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 distribution of such RSUs.

3. Termination of Directorship or Other Business Relationship. If the Awardee's directorship 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 3, Awardee's right in any RSUs that are not vested shall automatically terminate upon the effective date of such termination of directorship 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 directorship terminates by reason of the Awardee's death, (excluding death by suicide), all outstanding awards shall become vested as of the date of death and the Company, within 2 1/2 months following the effective date of such termination, shall issue all outstanding shares of Stock to Awardee's designated beneficiary or estate executor.

b) Termination Due to Disability. If the Awardee's directorship terminates by reason of the Awardee's disability as determined by the Administrator, all outstanding awards shall become vested as of the date of disability and the Company, within 2 1/2 months following the effective date of such termination, shall issue all outstanding shares of Stock to Awardee.

c) Termination Due to Retirement. If the Awardee's directorship is terminated by reason of the Awardee's retirement from the Board, as may be permitted by the Board in its sole discretion, pro-rata vesting of unvested RSUs shall apply based on the number of days elapsed in the vesting period as of the retirement date. The Company shall issue such outstanding shares of Stock within 2½ months of the retirement date; provided, however, that 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 directorship terminates for Cause (as determined by the Administrator in its sole discretion), all unvested RSUs shall terminate immediately and be of no further force and effect.

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

f) Termination of Directorship by Awardee. If the Awardee terminates his or her directorship, 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 directorship shall be conclusive and binding on the Awardee and his or her representatives or legatees. Any portion of this Award that is unvested after the application of this Section 3 shall be cancelled immediately upon any termination of directorship and shall not be exercisable by the Awardee.

4. Section 409A. Unless receipt of Shares is deferred in accordance with this Agreement, payments under this Agreement are intended to be exempt from the application of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and, accordingly, the terms of this Award Agreement shall be construed to preserve such exemption. Neither the Company nor any of its affiliates shall be liable to the Awardee (or any other individual claiming a benefit through the Awardee) for any tax, interest, or penalties the Awardee might owe as a result of participation in the Plan, and the Company and its affiliates shall have no obligation to indemnify or otherwise protect the Awardee from the obligation to pay any taxes pursuant to Section 409A of the Code.

5. 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.

6. 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 or estate.

7. No Tax Withholding. For CIRCOR directors, the gross number of shares will be distributed and the director will be required to make necessary tax payments.

8. 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" means all customers of any such business of the Company. Notwithstanding the provisions of this paragraph 8, if Awardee is an employee or resident of a state in which non-compete provisions of the type set forth in this paragraph 8 are not enforceable, then the non-compete provisions of this paragraph 8 shall not apply; the non-solicitation provisions of this paragraph 8, 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 8 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.

9. Effect of Agreement. If Awardee is a party to an agreement with the Company and any provisions set forth in such agreement conflict with the provisions set forth in this Restricted Stock Unit Award Agreement, the provisions set forth in such agreement shall override such conflicting provisions set forth herein.

10. 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 relationship with the Company or any Subsidiary.

(c) Pursuant to 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.

CIRCOR INTERNATIONAL, INC.



By:

Scott Buckhout

Title: **President and CEO**

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

Date:

Name: Awardee

**DIRECTOR RESTRICTED STOCK UNIT AWARD AGREEMENT
DEFERRAL ELECTION FORM**

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 participant in the CIRCOR International, Inc. 2014 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 Restricted Stock Units

Awardee will be fully vested in one year after the date such RSU is awarded, provided that Awardee has maintained directorship with the Company for such one year period. The RSUs will vest over a one year and 30 day period on the following basis:

Restricted Stock Units Vesting Date

(XXX) April 4, 2020

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 Three (3), 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 receive shares immediately upon vesting of each tranche.

I wish to defer receipt of all shares until _____ years (minimum of 3) 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 **April 4, 2019** 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 Corporate Treasurer of the Company.

CIRCOR INTERNATIONAL, INC.

AWARDEE



By: _____

By: _____

Name: **Scott Buckhout** Date:
President and CEO

Name: **Awardee** Date:

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.

May 14, 2019

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, Chadi Chahine, 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.

May 14, 2019

Signature: _____

/s/ Chadi Chahine

Chadi Chahine

Senior Vice President and 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

May 14, 2019

/s/ Chadi Chahine

Chadi Chahine
Senior Vice President and Chief Financial Officer
Principal Financial Officer

May 14, 2019