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 June 30, 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	**04-3477276**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

c/o CIRCOR INTERNATIONAL, Inc.

30 Corporate Drive, Suite 200, Burlington, MA **01803-4238**

(Address of principal executive offices) **(Zip Code)**

(781) 270-1200
(Registrant's telephone number, including area code)

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

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	☒	Accelerated filer	☐	Emerging growth company	☐
Non-accelerated filer	☐	Smaller reporting company	☐		

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 ☒

As of July 26, 2019, there were 19,904,899 shares of the registrant's Common Stock, par value $0.01 per share, outstanding.

CIRCOR INTERNATIONAL, INC.

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	June 30, 2019	December 31, 2018
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 76,082	$ 68,517
Trade accounts receivable, less allowance for doubtful accounts of $4,695 and $6,735 at June 30, 2019 and December 31, 2018, respectively	166,623	183,552
Inventories	226,953	217,378
Prepaid expenses and other current assets	99,012	90,659
Assets held for sale	4,520	87,940
Total Current Assets	573,190	648,046
PROPERTY, PLANT AND EQUIPMENT, NET	194,932	201,799
OTHER ASSETS:		
Goodwill	461,771	459,205
Intangibles, net	410,957	441,302
Deferred income taxes	31,548	28,462
Other assets	40,299	12,798
TOTAL ASSETS	$ 1,712,697	$ 1,791,612
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 118,648	$ 123,881
Accrued expenses and other current liabilities	107,445	107,312
Accrued compensation and benefits	30,314	33,878
Current portion of long-term debt	—	7,850
Liabilities held for sale	—	11,141
Total Current Liabilities	256,407	284,062
LONG-TERM DEBT	728,653	778,187
DEFERRED INCOME TAXES	38,232	33,932
PENSION LIABILITY, NET	149,204	150,623
OTHER NON-CURRENT LIABILITIES	45,302	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; 19,900,885 and 19,845,205 shares issued and outstanding at June 30, 2019 and December 31, 2018, respectively	212	212
Additional paid-in capital	444,109	440,890
Retained earnings	210,065	232,102
Common treasury stock, at cost (1,372,488 shares at June 30, 2019 and December 31, 2018)	(74,472)	(74,472)
Accumulated other comprehensive loss, net of tax	(85,015)	(69,739)
Total Shareholders' Equity	494,899	528,993
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,712,697	$ 1,791,612

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

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

	Three Months Ended		Six Months Ended	
	June 30, 2019	July 1, 2018	June 30, 2019	July 1, 2018
Net revenues	$ 269,607	$ 301,368	$ 540,002	$ 576,948
Cost of revenues	191,079	213,117	387,605	412,393
GROSS PROFIT	78,528	88,251	152,397	164,555
Selling, general and administrative expenses	69,408	77,999	139,380	155,237
Special and restructuring charges (recoveries), net	4,992	2,000	(2,823)	14,446
OPERATING INCOME (LOSS)	4,128	8,252	15,840	(5,128)
Other expense (income):				
Interest expense, net	12,856	13,755	26,035	25,556
Other expense (income), net	81	(3,759)	(1,832)	(5,620)
TOTAL OTHER EXPENSE, NET	12,937	9,996	24,203	19,936
LOSS BEFORE INCOME TAXES	(8,809)	(1,744)	(8,363)	(25,064)
Provision for (benefit from) income taxes	9,711	(7,646)	14,790	(13,525)
NET (LOSS) INCOME	$ (18,520)	$ 5,902	$ (23,153)	$ (11,539)
(Loss) earnings per common share:				
Basic	$ (0.93)	$ 0.30	$ (1.16)	$ (0.58)
Diluted	$ (0.93)	$ 0.30	$ (1.16)	$ (0.58)
Weighted average number of common shares outstanding:				
Basic	19,906	19,836	19,888	19,821
Diluted	19,906	20,005	19,888	19,821

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

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

	Three Months Ended		Six Months Ended	
	June 30, 2019	July 1, 2018	June 30, 2019	July 1, 2018
Net (Loss) Income	$ (18,520)	$ 5,902	$ (23,153)	$ (11,539)
Other comprehensive loss, net of tax:				
Foreign currency translation adjustments	(1,271)	(26,849)	(9,718)	(18,508)
Interest rate swap adjustments (1)	(3,031)	1,225	(5,165)	1,225
Pension adjustment	—	—	(393)	—
Other comprehensive loss, net of tax	(4,302)	(25,624)	(15,276)	(17,283)
COMPREHENSIVE LOSS	$ (22,822)	$ (19,722)	$ (38,429)	$ (28,822)

(1) Net of an income tax effect of $(0.6 million) and $(2.5 million) for the three and six months ended June 30, 2019, respectively.

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)

	Six Months Ended	
OPERATING ACTIVITIES	**June 30, 2019**	**July 1, 2018**
Net loss	$ (23,153)	$ (11,539)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	12,173	14,491
Amortization	24,355	24,611
Provision for bad debt expense	75	903
Loss on write down of inventory	6,620	4,076
Amortization of inventory fair value step-up	—	6,600
Compensation expense for share-based plans	3,132	2,866
Amortization of debt issuance costs	1,997	2,008
(Gain) Loss on sale or write-down of property, plant and equipment	(826)	1,037
Gain on sale of business	(9,165)	—
Changes in operating assets and liabilities, net of effects of acquisition and disposition:		
Trade accounts receivable	13,570	13,163
Inventories	(15,048)	(14,824)
Prepaid expenses and other assets	(5,363)	(16,617)
Accounts payable, accrued expenses and other liabilities	(18,406)	(27,385)
Net cash used in operating activities	(10,039)	(610)
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(7,542)	(11,879)
Proceeds from the sale of property, plant and equipment	858	175
Proceeds from the sale of business, net	82,203	—
Business acquisition, working capital consideration adjustment	—	6,300
Net cash provided by (used in) investing activities	75,519	(5,404)
FINANCING ACTIVITIES		
Proceeds from long-term debt	149,500	136,600
Payments of long-term debt	(208,300)	(105,511)
Proceeds from the exercise of stock options	106	440
Return of cash to Fluid Handling Seller	—	(61,201)
Net cash used in financing activities	(58,694)	(29,672)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	793	(5,785)
(DECREASE) INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	7,579	(41,471)
Cash, cash equivalents, and restricted cash at beginning of period	69,525	112,293
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF PERIOD	$ 77,104	$ 70,822
Non-cash investing activities:		
Purchases of property and equipment included in accounts payable and accrued expenses	$ 1,483	$ 1,763

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

CIRCOR INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands)

(UNAUDITED)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	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
Net Loss	—	—	—	(18,520)	—	—	(18,520)
Other comprehensive income, net of tax	—	—	—	—	(4,302)	—	(4,302)
Other	—	—	—	3	—	—	3
Conversion of restricted stock units	23	—	(202)	—	—	—	(202)
Stock options exercised	3	—	43	—	—	—	43
Share-based plan compensation	—	—	1,700	—	—	—	1,700
BALANCE AS OF JUNE 30, 2019	19,902	$212	$444,109	$210,065	$(85,015)	$(74,472)	$494,899

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	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
Net Loss	—	—	—	5,902	—	—	5,902
Cumulative translation adjustment	—	—	—	—	(25,624)	—	(25,624)
Stock options exercised	4	—	139	—	—	—	139
Conversion of restricted stock units	2	—	(21)	—	—	—	(21)
Share-based plan compensation	—	—	1,501	—	—	—	1,501
BALANCE AS OF JULY 1, 2018	19,836	$212	$442,318	$259,948	$(54,013)	$(74,472)	$573,992

(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 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 and six months ended June 30, 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 and six months ended June 30, 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 June 30, 2019, we had $526.9 million of revenue related to remaining unfulfilled performance obligations. We expect to recognize approximately 69 percent of our remaining performance obligations as revenue during the remainder of 2019, 17 percent in 2020, and the remaining 14 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 and six months ended June 30, 2019.

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

	Three Months Ended		Six Months Ended	
	June 30, 2019	July 1, 2018	June 30, 2019	July 1, 2018
Energy Segment				
Oil & Gas - Upstream, Midstream & Other	$ 38,612	$ 54,993	$ 84,277	$ 102,878
Oil & Gas - Downstream	46,979	57,811	99,731	109,898
Total	85,591	112,804	184,008	212,776
Aerospace & Defense Segment				
Commercial Aerospace & Other	27,980	27,452	56,686	66,204
Defense	36,714	30,048	69,248	49,773
Total	64,694	57,500	125,934	115,977
Industrial Segment				
Valves	32,337	30,462	60,869	58,141
Pumps	86,985	100,602	169,191	190,054
Total	119,322	131,064	230,060	248,195
Net Revenue	$ 269,607	$ 301,368	$ 540,002	$ 576,948

	Three Months Ended		Six Months Ended	
	June 30, 2019	July 1, 2018	June 30, 2019	July 1, 2018
Energy Segment				
EMEA	$ 27,430	$ 27,063	$ 61,882	$ 46,961
North America	48,615	67,884	101,572	132,351
Other	9,546	17,857	20,554	33,464
Total	85,591	112,804	184,008	212,776
Aerospace & Defense Segment				
EMEA	$ 16,834	$ 15,460	$ 34,566	$ 30,856
North America	41,485	35,745	78,878	73,494
Other	6,375	6,295	12,490	11,627
Total	64,694	57,500	125,934	115,977
Industrial Segment				
EMEA	$ 51,684	$ 62,609	$ 106,176	$ 123,289
North America	42,122	42,361	76,669	74,612
Other	25,516	26,094	47,215	50,294
Total	119,322	131,064	230,060	248,195
Net Revenue	$ 269,607	$ 301,368	$ 540,002	$ 576,948

Contract Balances. The Company's contract assets and contract liabilities balances as of December 31, 2018 and June 30, 2019 are as follows (in thousands):

	December 31, 2018	June 30, 2019	Increase/(Decrease)
Trade accounts receivables, net	$ 183,552	$ 166,623	$ (16,929)
Contract assets (1)	61,618	69,293	7,675
Contract liabilities (2) (3)	48,325	37,749	(10,576)

(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 divestiture of our Reliability Services business.

Trade accounts receivable, net decreased by $16.9 million as of June 30, 2019, primarily due to the timing of cash collections during the six months ended June 30, 2019.

Contract assets, excluding divestiture, increased by $7.7 million, or 12%, to $69.3 million primarily driven by unbilled revenue recognized during the six months ended June 30, 2019 within our Pumps business (+15%), Refinery Valves business (+12%) and U.S. Defense business (+8%).

Contract liabilities, excluding divestiture, decreased by $10.6 million, or (-22%), to $37.7 million as of June 30, 2019, primarily driven by revenue recognized over time during the six months ended June 30, 2019 within our Refinery Valves business (-17%) and U.S. fluid controls business (-4%).

(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 available information at the commencement date. As of June 30, 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 rates. Additionally, we perform 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 June 30, 2019 is as follows (in thousands):

Leases		
Assets	**Operating**	**Finance**
Gross ROU Assets (1)	$ 27,747	$ 2,930
Less: Accumulated Amortization	2,878	173
Net ROU Assets	$ 24,869	$ 2,757
Liabilities	**Operating**	**Finance**
Current (2)	$ 4,933	$ 634
Non-current (3)	19,861	2,433
Total Lease Liabilities	$ 24,794	$ 3,067

(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	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
Operating lease cost (1)	$ 2,277	$ 3,758
Finance lease cost		
Amortization of leased assets (2)	91	95
Interest on lease liabilities (3)	10	10
Total finance lease costs	101	105
Total lease cost	$ 2,378	$ 3,863

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

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

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

Short-term lease expense for the three and six months ended June 30, 2019 are $0.0 million and $0.1million, respectively. Variable lease cost for the three and six months ended June 30, 2019 are $0.0 million and $0.1 million, respectively.

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	$ 4,027	$ 207	$ 4,234
2020	6,085	414	6,499
2021	4,989	414	5,403
2022	3,607	403	4,010
2023	2,976	403	3,379
After 2023	8,241	1,233	9,474
Less: Interest	$ (5,131)	$ (7)	$ (5,138)
Present value of lease liabilities	$ 24,794	$ 3,067	$ 27,861

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

Lease Term and Discount Rate	June 30, 2019
Weighted average remaining lease term (years)	
Operating leases	5.9
Finance leases	7.6
Weighted average discount rate (percentage)	
Operating leases	5.5%
Finance leases	2.0%

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

Other Information		**June 30, 2019**
Operating Activities		
Noncash lease expense on operating ROU assets	$	(24,869)
Amortization expense on finance ROU assets		95
Change in total operating lease liabilities		24,794
Principal paid on operating lease liabilities		(3,010)
Total Operating Activities	$	(2,990)
Financing Activities		
Principal paid on finance lease liabilities	$	(94)
Supplemental		
Interest Paid on finance lease liabilities	$	10

As of June 30, 2019, the Company has not entered into any lease agreements with related parties.

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):

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

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

Special and Restructuring Charges (Recoveries), 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 charges (recoveries), 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 charges (recoveries), net line item on the Condensed Consolidated Statements of (Loss) Income for the three and six months ended June 30, 2019 and July 1, 2018:

	Special & Restructuring Charges (Recoveries), net			
	Three Months Ended		Six Months Ended	
	June 30, 2019	July 1, 2018	June 30, 2019	July 1, 2018
Special charges (recoveries), net	$ 3,465	$ 1,156	$ (5,213)	$ 3,987
Restructuring charges, net	1,527	844	2,390	10,459
Total special and restructuring charges (recoveries), net	$ 4,992	$ 2,000	$ (2,823)	$ 14,446

Special Charges (Recoveries), net

The table below (in thousands) outlines the special charges (recoveries), net recorded for the three and six months ended June 30, 2019:

	Special Charges, net For the three months ended June 30, 2019				
	Energy	Aerospace & Defense	Industrial	Corporate	Total
Reliability Services divestiture	$ 1,104	$ —	$ —	$ 286	$ 1,390
Professional fees to review and respond to an unsolicited tender offer to acquire the Company	—	—	—	2,075	2,075
Total special charges, net	$ 1,104	$ —	$ —	$ 2,361	$ 3,465

	Special (Recoveries) Charges, net For the six months ended June 30, 2019				
	Energy	Aerospace & Defense	Industrial	Corporate	Total
Reliability Services divestiture	$ (9,177)	$ —	$ —	$ 286	$ (8,891)
Reliability Services 2019 operating expenses	1,450	—	—	—	1,450
Rosscor divestiture related charges	—	—	153	—	153
Professional fees to review and respond to an unsolicited tender offer to acquire the Company		—	—	2,075	2,075
Total special (recoveries) charges, net	$ (7,727)	$ —	$ 153	$ 2,361	$ (5,213)

Reliability Services Divestiture: In January 2019, the Company sold its Reliability Services business. The Company recognized a gain of $9.2 million for the six months ended June 30, 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. Special charges associated with these expenses for the three and six months ended June 30, 2019 were $0.0 million and $1.5 million, respectively.

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. Special charges associated with these expenses for the three and six months ended June 30, 2019 were $0.0 million and $0.2 million, respectively.

Professional Fees: The Company incurred $2.1 million in special charges associated with the review and response to an unsolicited tender offer to acquire the Company for the three months ended June 30, 2019.

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

	Special Charges, net				
	For the three months ended July 1, 2018				
	Energy	Aerospace & Defense	Industrial	Corporate	Total
Acquisition related charges	$ —	$ —	$ —	$ 1,000	$ 1,000
Brazil closure	156	—	—	—	156
Total special charges, net	$ 156	$ —	$ —	$ 1,000	$ 1,156

	Special Charges, net				
	For the six months ended July 1, 2018				
	Energy	Aerospace & Defense	Industrial	Corporate	Total
Acquisition related charges	$ —	$ —	$ —	$ 3,455	$ 3,455
Brazil closure	532	—	—	—	532
Total special (recoveries) charges, net	$ 532	$ —	$ —	$ 3,455	$ 3,987

Acquisition related charges:

- On December 11, 2017, we acquired fluid handing business of Colfax Corporation ("FH"). In connection with our acquisition, we recorded $1.0 million and $3.5 million during the three and six months ended July 1, 2018, respectively, related to internal costs and external professional fees to separate FH from Colfax Corporation and integrate 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 $0.2 million and $0.5 million of charges within the Energy segment during the three and six months ended July 1, 2018, respectively, which relates to losses incurred subsequent to our closure of manufacturing operations during the first quarter of 2016.

Restructuring Charges, net

The tables below (in thousands) outline the charges associated with restructuring actions recorded for the three and six months ended June 30, 2019 and July 1, 2018. A description of the restructuring actions is provided in the section titled "Restructuring Programs Summary" below.

	Restructuring Charges, net				
	As of and for the three months ended June 30, 2019				
	Energy	Aerospace & Defense	Industrial	Corporate	Total
Facility related expenses	$ 573	$ 145	$ —	$ —	$ 718
Employee related expenses, net	758	—	51	—	809
Total restructuring charges, net	$ 1,331	$ 145	$ 51	$ —	$ 1,527

Accrued restructuring charges as of March 31, 2019	$ 757
Total quarter to date charges, net (shown above)	1,527
Charges paid / settled, net	(1,721)
Accrued restructuring charges as of June 30, 2019	$ 563

	Restructuring Charges, net				
	As of and for the six months ended June 30, 2019				
	Energy	Aerospace & Defense	Industrial	Corporate	Total
Facility related expenses	$ 833	$ 217	$ —	$ —	$ 1,050
Employee related expenses, net	1,020	(3)	323	—	1,340
Total restructuring charges, net	$ 1,853	$ 214	$ 323	$ —	$ 2,390

Accrued restructuring charges as of December 31, 2018	$ 982
Total year to date charges, net (shown above)	2,390
Charges paid / settled, net	(2,809)
Accrued restructuring charges as of June 30, 2019	$ 563

We expect to make payment or settle the majority of the restructuring charges accrued as of June 30, 2019 during the second half of 2019.

	Restructuring Charges, net As of and for the three months ended July 1, 2018				
	Energy	Aerospace & Defense	Industrial	Corporate	Total
Facility related expenses	$ 191	$ 48	$ —	$ —	$ 239
Employee related (recoveries) expenses	605	—	—	—	605
Total restructuring charges, net	$ 796	$ 48	$ —	$ —	$ 844

Accrued restructuring charges as of April 1, 2018	$ 6,304
Total quarter to date charges, net (shown above)	844
Charges paid / settled, net	(5,601)
Accrued restructuring charges as of July 1, 2018	$ 1,547

	Restructuring Charges, net As of and for the six months ended July 1, 2018				
	Energy	Aerospace & Defense	Industrial	Corporate	Total
Facility related expenses	$ 1,672	$ 130	$ —	$ —	$ 1,802
Employee related expenses	7,448	—	1,209	—	8,657
Total restructuring charges, net	$ 9,120	$ 130	$ 1,209	$ —	$ 10,459

Accrued restructuring charges as of December 31, 2017	$ 1,586
Total year to date charges, net (shown above)	10,459
Charges paid / settled, net	(10,498)
Accrued restructuring charges as of July 1, 2018	$ 1,547

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 June 30, 2019			
	Energy	Aerospace & Defense	Industrial	Total
Facility related expenses - incurred to date	$ 3,021	$ 215	$ —	$ 3,236
Employee related expenses - incurred to date	8,651	380	1,859	10,890
Total restructuring related special charges - incurred to date	$ 11,672	$ 595	$ 1,859	$ 14,126

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.

For the three and six months ended June 30, 2019, we recorded $1.3 million and $4.1 million, respectively, of inventory related restructuring charges within our Energy segment for restructuring actions within our Distributed Valves business. For the three and six months ended June 30, 2019, we recorded $0.0 million and $0.3 million, respectively, of inventory related restructuring charges related to the January 2019 results of the Reliability Services business.

For the three and six months ended July 1, 2018, we recorded $1.1 million and $1.6 million, respectively, of inventory related restructuring charges within our Energy segment for restructuring actions with our Reliability Services and Engineered Valves businesses.

(6) Inventories

Inventories consisted of the following (in thousands):

	June 30, 2019	December 31, 2018
Raw materials	$ 72,591	$ 69,910
Work in process	124,328	116,088
Finished goods	30,034	31,380
Total inventories	$ 226,953	$ 217,378

(7) Goodwill and Intangibles, net

The following table shows goodwill by segment as of December 31, 2018 and June 30, 2019 (in thousands):

	Energy	Aerospace & Defense	Industrial	Total
Goodwill as of December 31, 2018	$ 104,872	$ 57,418	$ 296,915	$ 459,205
R.S. Divestiture	110	—		110
Currency translation adjustments	(4,883)	(13)	7,352	2,456
Goodwill as of June 30, 2019	$ 100,099	$ 57,405	$ 304,267	$ 461,771

The table below presents gross intangible assets and the related accumulated amortization as of June 30, 2019 (in thousands):

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Patents	$ 5,399	$ (5,399)	$ —
Customer relationships	302,564	(68,919)	233,645
Backlog	22,905	(21,760)	1,145
Acquired technology	131,883	(32,346)	99,537
Other	3,781	(3,781)	—
Total Amortized Assets	$ 466,532	$ (132,205)	$ 334,327
Non-amortized intangibles (primarily trademarks and trade names)	$ 76,630	$ —	$ 76,630
Total Non-Amortized Intangibles	$ 76,630	$ —	$ 76,630
Net carrying value of intangible assets	$ 410,957		

The table below presents estimated remaining amortization expense for intangible assets recorded as of June 30, 2019 (in thousands):

	2019	2020	2021	2022	2023	After 2023
Estimated amortization expense	$ 23,669	$ 43,868	$ 42,126	$ 37,063	$ 32,490	$ 155,111

(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		Six Months Ended	
	June 30, 2019	July 1, 2018	June 30, 2019	July 1, 2018
Net revenues				
Energy	$ 85,591	$ 112,804	$ 184,008	$ 212,776
Aerospace & Defense	64,694	57,500	125,934	115,977
Industrial	119,322	131,064	230,060	248,195
Consolidated net revenues	$ 269,607	$ 301,368	$ 540,002	$ 576,948
Results from operations before income taxes				
Energy - Segment Operating Income	$ 3,498	$ 9,242	$ 10,281	$ 14,938
Aerospace & Defense - Segment Operating Income	10,443	6,992	19,817	15,923
Industrial - Segment Operating Income	16,138	15,037	26,924	27,983
Corporate expenses	(6,493)	(6,450)	(13,196)	(14,249)
Segment Operating Income	23,586	24,821	43,826	44,595
Restructuring charges, net	1,527	844	2,390	10,459
Special charges (recoveries), net	3,465	1,156	(5,213)	3,987
Special and restructuring charges (recoveries), net	4,992	2,000	(2,823)	14,446
Restructuring related inventory charges	2,112	1,067	5,255	1,540
Amortization of inventory step-up	—	—	—	6,600
Acquisition amortization	11,247	11,665	23,325	23,565
Acquisition depreciation	1,107	1,837	2,229	3,572
Acquisition amortization and other costs, net	14,466	14,569	30,809	35,277
Consolidated Operating Income	4,128	8,252	15,840	(5,128)
Interest expense, net	12,856	13,755	26,035	25,556
Other income, net	81	(3,759)	(1,832)	(5,620)
Loss from operations before income taxes	$ (8,809)	$ (1,744)	$ (8,363)	$ (25,064)

	Three Months Ended		Six Months Ended	
	June 30, 2019	July 1, 2018	June 30, 2019	July 1, 2018
Capital expenditures				
Energy	$ 1,505	$ 935	$ 2,474	$ 4,280
Aerospace & Defense	591	897	1,379	1,841
Industrial	1,225	2,226	2,367	5,850
Corporate	269	111	655	387
Consolidated capital expenditures	$ 3,590	$ 4,169	$ 6,875	$ 12,358
Depreciation and amortization				
Energy	$ 3,431	$ 3,865	$ 6,756	$ 8,066
Aerospace & Defense	2,775	5,349	5,448	8,142
Industrial	11,668	10,033	24,037	22,473
Corporate	145	192	287	421
Consolidated depreciation and amortization	$ 18,019	$ 19,439	$ 36,528	$ 39,102

Identifiable assets	June 30, 2019	July 1, 2018
Energy	$ 696,520	$ 900,117
Aerospace & Defense	419,692	333,090
Industrial	1,113,569	1,330,358
Corporate	(517,084)	(727,685)
Consolidated identifiable assets	$ 1,712,697	$ 1,835,880

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 $15.9 million and $9.6 million as of June 30, 2019 and July 1, 2018, respectively.

(9) Financial Instruments

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 June 30, 2019 are summarized in the table below:

	Significant Other Observable Inputs
	Level 2
Derivatives	$ (8,490)

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 June 30, 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.

As of June 30, 2019 and December 31, 2018, the Company observed restricted cash balances of $1.0 Million and $2.3 Million, respectively. These balances are recorded within Other Current Assets on the Balance Sheet. Total Cash and Cash Equivalents per the Statement Of Cash Flow is inclusive of the restricted cash balances.

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.

Effective July 12, 2019, the Company entered into a cross-currency swap ("cross-currency swap") agreement to hedge its net investment in non-U.S. subsidiaries against future volatility in exchange rates between the U.S. dollar and the Euro. The cross-currency swap agreement is pursuant to an ISDA Master Agreement with Duetsche Bank AG. The three-year cross-currency swap has a fixed notional value of $100.0 million at an annual rate of 2.4065% and a maturity date of July 12, 2022. At inception, the cross-currency swap was designated as a net investment hedge. The net investment hedge was deemed effective after quarter-end, and the only financial statement impact was the effect of it being marked to market. This hedging agreement was entered into to mitigate foreign currency exchange rate exposure, 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 aggregate net fair value of the interest rate swap and cross-currency swap was $(8.5) million. These balances are recorded in other long-term liabilities of $8.1 million, accrued expenses and other current liabilities of $2.9 million, and long-term deferred tax asset of $2.5 million on our condensed consolidated balance sheet as of June 30, 2019. The unrealized losses recognized in other comprehensive income (loss), net of tax, were $3.0 million and $5.2 million for the three and six months ended June 30, 2019, respectively. The realized loss of $0.2 million and $0.3 million was reclassified from other comprehensive income (loss) to interest expense as interest expense was accrued on the swap during the three and six months ended June 30, 2019, respectively. Amounts expected to be reclassified from other comprehensive income into interest expense in the coming 12 months is a loss of $3.1 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 $6.2 million and $12.4 million for the three and six months ended June 30, 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 June 30, 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 six months ended June 30, 2019 (in thousands):

Balance beginning December 31, 2018	$	4,050
Provisions		1,080
Claims settled		(1,076)
Currency translation adjustment		(19)
Balance ending June 30, 2019	$	4,035

Warranty obligations were $4.1 million as of December 31, 2018 and $4.0 million as of June 30, 2019, as net claims settled and quarterly provisions within our Industrial and Energy operating segments largely offset.

(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 $61.8 million at June 30, 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 June 30, 2019.

The following table contains information related to standby letters of credit instruments outstanding as of June 30, 2019 (in thousands):

Term Remaining	**Maximum Potential Future Payments**
0–12 months	$ 48,191
Greater than 12 months	13,601
Total	$ 61,792

(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		Six Months Ended	
	June 30, 2019	July 1, 2018	June 30, 2019	July 1, 2018
Pension Benefits - U.S. Plans				
Service cost	$ —	$ —	$ —	$ —
Interest cost	1,967	1,762	3,934	3,523
Expected return on plan assets	(2,742)	(3,771)	(5,484)	(7,542)
Amortization	129	146	259	293
Net periodic benefit income	$ (646)	$ (1,863)	$ (1,291)	$ (3,726)
Pension Benefits - Non-U.S. Plans				
Service cost	$ 688	$ 758	$ 1,382	$ 1,535
Interest cost	549	540	1,104	1,094
Expected return on plan assets	(244)	(254)	(491)	(513)
Amortization	5	—	9	—
Net periodic benefit cost	$ 998	$ 1,044	$ 2,004	$ 2,116
Other Post-Retirement Benefits				
Service cost	$ —	$ —	$ —	$ —
Interest cost	93	86	187	173
Amortization	—	—	—	—
Net periodic benefit cost	$ 93	$ 86	$ 187	$ 173

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) Income for the three months ended June 30, 2019 and July 1, 2018, respectively.

There were no employer contributions to the Company's U.S. and non- U.S. based pension plans during the three and six months ended June 30, 2019.

(13) Income Taxes

As of June 30, 2019 and December 31, 2018, we had $0.6 million and $0.6 million, respectively, of unrecognized tax benefits, 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 $17.4 million at June 30, 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 June 30, 2019, there were 729,667 stock options and 438,656 Restricted Stock Unit Awards ("RSU Awards") and Restricted Stock Unit Management Stock Plan Awards ("RSU MSPs") outstanding. On May 9, 2019, our shareholders approved the 2019 Stock Option and Incentive Plan (the "2019 Plan") at the Company's annual meeting which was adopted, subject to shareholder approval, by the Board on February 20, 2019. The 2019 Plan authorizes issuance of up to 1,000,000 shares of common stock (subject to adjustment for stock splits and similar events). Under this new 2019 Plan, there were 959,113 shares available for grant as of June 30, 2019.

During the six months ended June 30, 2019, we granted 153,726 stock options compared with 127,704 stock options granted during the six months ended July 1, 2018.

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

	June 30, 2019	July 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 six months ended June 30, 2019 and July 1, 2018, we granted 196,231 and 158,369 RSU Awards with approximate fair values of $32.60 and $43.11 per RSU Award, respectively. During the first six 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 196,231 RSU Awards granted during the six months ended June 30, 2019, 67,362 are performance-based RSU Awards. The Company has determined the performance conditions are likely to be achieved and as such were considered probable to vest. This compares to 48,080 performance-based RSU Awards granted during the six months ended July 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 six months ended June 30, 2019 and July 1, 2018, respectively.

Compensation expense related to our share-based plans for the six months ended June 30, 2019 and July 1, 2018 was $3.1 million and $2.9 million, respectively. Compensation expense for both periods was recorded as selling, general and administrative expenses. As of June 30, 2019, there was $12.6 million of total unrecognized compensation costs related to our outstanding share-based compensation arrangements. That cost is expected to be recognized over a weighted average period of 2.1 years.

The weighted average contractual term for stock options outstanding and options exercisable as of June 30, 2019 was 4.6 years and 3.8 years, respectively. The aggregate intrinsic value of stock options exercised during the six months ended June 30, 2019 was $0.0 million and the aggregate intrinsic value of stock options outstanding and options exercisable as of June 30, 2019 was $4.0 million and $1.8 million, respectively.

The aggregate intrinsic value of RSU Awards settled during the six months ended June 30, 2019 was $1.6 million and the aggregate intrinsic value of RSU Awards outstanding and RSU Awards vested and deferred as of June 30, 2019 was $15.0 million and $0.3 million, respectively.

The aggregate intrinsic value of RSU MSPs settled during the six months ended June 30, 2019 was $0.1 million and the aggregate intrinsic value of RSU MSPs outstanding and RSU MSPs vested and deferred as of June 30, 2019 was $2.0 million and $0.1 million, respectively.

International participants are issued Cash Settled Stock Unit Awards. As of June 30, 2019, there were 60,344 Cash Settled Stock Unit Awards outstanding compared to 50,907 as of December 31, 2018. During the six months ended June 30, 2019, the aggregate cash used to settle Cash Settled Stock Unit Awards was $0.6 million. As of June 30, 2019, we had $0.8 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 six months ended June 30, 2019 and July 1, 2018 was $0.8 million and $0.2 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 six months ended June 30, 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 loss	(9,718)	(393)	(5,165)	(15,276)
Balance as of June 30, 2019	$ (58,827)	$ (19,507) $1	$ (6,681)	$ (85,015)

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 FH acquisition. This error impacts other comprehensive income. Specifically, other comprehensive income (loss) was overstated by $5.4 and $2.2 million for the first quarter and fiscal 2018, respectively, and was understated by $2.2 million for first quarter of 2019. The Company has determined that these adjustments were not material to the current or prior periods, or the forecasted 2019 results. These items were immaterial and were adjusted for during the first quarter of 2019. The quarterly impact ($ in millions) in 2018 was:

	Q1	Q2	Q3	Q4	2018
Overstated (understated) comprehensive income	$ 5.4	$ (5.1)	$ (0.2)	$ 2.1	$ 2.2

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

(in thousands, except per share amounts)	Three Months Ended					
	June 30, 2019			July 1, 2018		
	Net Income	Shares	Per Share Amount	Net Income	Shares	Per Share Amount
Basic EPS	$ (18,520)	19,906	$ (0.93)	$ 5,902	19,836	$ 0.30
Dilutive securities, common stock options	—	—	—	—	169	—
Diluted EPS	$ (18,520)	19,906	$ (0.93)	$ 5,902	20,005	$ 0.30

	Six Months Ended					
	June 30, 2019			July 1, 2018		
	Net Loss	Shares	Per Share Amount	Net Income	Shares	Per Share Amount
Basic EPS	$ (23,153)	19,888	$ (1.16)	$ (11,539)	19,821	$ (0.58)
Dilutive securities, common stock options	—	—	—	—	—	—
Diluted EPS	$ (23,153)	19,888	$ (1.16)	$ (11,539)	19,821	$ (0.58)

Stock options, RSU Awards, and RSU MSPs covering 447,764 and 381,326 shares of common stock for the six months ended June 30, 2019 and July 1, 2018, respectively, were not included in the computation of diluted EPS because their effect would be anti-dilutive.

(17) Subsequent Events

On July 13, 2019, the company entered a definitive agreement dispose of its long-cycle upstream oil & gas engineered valve business (Pibiviesse S.p.A.) for €1 million ($1 million) with an earn-out of 50 percent of net income over seven years up to a maximum of €18.0 million ($20.3 million). The transaction closed on July 26, 2019. CIRCOR expects to record a loss on the disposal, primarily related to non-cash charges.

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, any actions of stockholders or others in response to expiration of the recent unsolicited tender offer and the cost and disruption of responding to those 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

In June 2019, we became subject to an unsolicited tender offer to purchase all outstanding shares of our common stock. After reviewing the terms and conditions of the tender offer, our board of directors unanimously recommended that our stockholders reject the tender offer. The tender offer expired by its terms on July 19, 2019. In connection with our review and response to the tender offer, we incurred significant expenses, consisting primarily of advisory and legal fees, during the three months ended June 30, 2019.

Second Quarter 2019 Compared With Second Quarter 2018

Consolidated Operations

	Three Months Ended					
(in thousands)	June 30, 2019	July 1, 2018	Total Change	Divestiture	Operations	Foreign Exchange
Net Revenues						
Energy	$ 85,591	$ 112,804	$ (27,213)	$ (17,419)	$ (8,709)	$ (1,085)
Aerospace & Defense	64,694	57,500	7,194	—	8,176	(982)
Industrial	119,322	131,064	(11,742)	(1,499)	(5,436)	(4,807)
Consolidated Net Revenues	$ 269,607	$ 301,368	$ (31,761)	$ (18,918)	$ (5,969)	$ (6,874)

Net revenues for the three months ended June 30, 2019 were $269.6 million, a decrease of $(31.8) million, or (-11%) as compared to the three months ended July 1, 2018, primarily driven by lower revenue as a result of divestitures (-6%), unfavorable foreign currency translation (-3%), along with declines in operations (-2%) within our Energy and Industrial 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	
	June 30, 2019	July 1, 2018
Net revenues		
Energy	$ 85,591	$ 112,804
Aerospace & Defense	64,694	57,500
Industrial	119,322	131,064
Consolidated net revenues	$ 269,607	$ 301,368
Loss from operations before income taxes		
Energy - Segment Operating Income	$ 3,498	$ 9,242
Aerospace & Defense - Segment Operating Income	10,443	6,992
Industrial - Segment Operating Income	16,138	15,037
Corporate expenses	(6,493)	(6,450)
Subtotal	23,586	24,821
Restructuring charges, net	1,527	844
Special charges, net	3,465	1,156
Special and restructuring charges, net (1)	4,992	2,000
Restructuring related inventory charges (1)	2,112	1,067
Acquisition amortization (2)	11,247	11,665
Acquisition depreciation (2)	1,107	1,837
Acquisition amortization and other costs, net	14,466	14,569
Consolidated Operating Income	4,128	8,252
Interest expense, net	12,856	13,755
Other expense (income), net	81	(3,759)
Loss from operations before income taxes	$ (8,809)	$ (1,744)
Consolidated Operating Margin	1.5%	2.7%

(1) See Special and Restructuring 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 June 30, 2019	Three Months Ended July 1, 2018	Change
Net Revenue as reported	$ 85,591	$ 112,804	$ (27,213)
Net Revenues excluding divestiture (1)	85,591	95,386	(9,795)
Segment Operating Income as reported	3,498	9,242	(5,744)
Segment Operating Income excluding divestiture (2)	3,498	7,157	(3,659)
Segment Operating Margin	4.1%	7.5%	
Segment Orders	62,239	113,171	(50,932)

(1) Adjusted for the January 2019 divestiture of our Reliability Services business, which generated revenues of $0.0 million and $17.4 million for the three months ended June 30, 2019 and July 1, 2018, respectively.

(2) Adjusted for the January 2019 divestiture of our Reliability Services business, which contributed $0.0 million and $2.1 million to segment operating income for the three months ended June 30, 2019 and July 1, 2018, respectively.

Energy segment net revenues, excluding divestiture, decreased $(9.8) million, or (-10%), for the three months ended June 30, 2019 compared to the three months ended July 1, 2018. The decrease was primarily driven by decreases within our North American Distributed Valves business (-18%) and unfavorable foreign currency fluctuations (-1%), partially offset by growth within our Refinery Valves business (+7%), and Other Oil & Gas business (+3%).

On July 13, 2019, we entered into an agreement to dispose of our Engineered Valves business, which contributed $8.3 million in revenue and a segment operating loss of $2.5 million for the three months ended June 30, 2019.

Energy segment orders decreased $(50.9) million, or (-45%), for the three months ended June 30, 2019 compared to the three months ended July 1, 2018, primarily driven by the divestiture of our Reliability Services business (-16%), lower order volume within our North American Distributed Valves business (-14%), the timing of projects within our Engineered Valves business (-11%), award push-outs within our Refinery Valves business (-5%) and unfavorable foreign currency fluctuations (-1%).

Segment operating income, excluding divestiture, decreased $(3.7) million, or (-51%), to $3.5 million for the three months ended June 30, 2019 compared to the three months ended July 1, 2018. The decrease was primarily driven by our North American Distributed Valves business (-63%) which was partially offset by improvements across the remainder of the Energy segment portfolio.

The decrease in Segment operating margin, excluding divestiture, from 7.5% to 4.1% was primarily driven by lower revenue and margin from our North American Distributed Valve business and the impact of the divested business.

Aerospace & Defense Segment

(in thousands, except percentages)	Three Months Ended June 30, 2019	Three Months Ended July 1, 2018	Change
Net Revenues	$ 64,694	$ 57,500	$ 7,194
Segment Operating Income	10,443	6,992	3,451
Segment Operating Margin	16.1%	12.2%	
Segment Orders	93,405	59,441	33,964

Aerospace & Defense segment net revenues increased by $7.2 million, or 13%, to $64.7 million for the three months ended June 30, 2019 compared to the three months ended July 1, 2018. The increase was primarily driven by increases in our defense-related business (+11%), as well as growth across commercial platforms (+4%), partially offset by unfavorable foreign currency fluctuations (-2%).

Aerospace & Defense segment orders increased $34.0 million, or 57%, for the three months ended June 30, 2019 compared to the three months ended July 1, 2018, primarily driven by our defense business (+51%) and commercial business (+8%), partially offset by unfavorable foreign currency fluctuations (-2%).

Segment operating income increased to $10.4 million, or 49%, for the three months ended June 30, 2019 compared to the three months ended July 1, 2018. The increase in operating income was primarily driven by higher revenue across the portfolio, including the impact of price increases.

Segment operating margin increased from 12.2% in the three months ended July 1, 2018 to 16.1% for the three months ended June 30, 2019. The expanded operating margin reflects the impact of price increases as well as higher revenue volume.

Industrial Segment

	Three Months Ended		
(in thousands, except percentages)	**June 30, 2019**	**July 1, 2018**	**Change**
Net Revenues	$ 119,332	$ 131,064	$ (11,732)
Net Revenues excluding divestiture (1)	119,332	129,564	(10,232)
Segment Operating Income	16,138	15,037	1,101
Segment Operating Income excluding divestiture (2)	16,138	15,464	674
Segment Operating Margin (adjusted)	13.5%	11.9%	
Segment Orders	120,660	136,746	(16,086)

(1) Adjusted for the October 2018 divestiture of our Rosscor B.V. and SES International B.V. subsidiaries (the "Delden Business"), which generated revenues of $0.0 million and $1.5 million for the three months ended June 30, 2019 and July 1, 2018, respectively.

(2) Adjusted for the October 2018 divestiture of the Delden Business, which contributed $0.0 million and ($0.4) million to segment operating income for the three months ended June 30, 2019 and July 1, 2018, respectively.

Industrial segment net revenues, excluding divestiture, decreased $(10.2) million, or (-8%), to $119.3 million, for the three months ended June 30, 2019 compared to the three months ended July 1, 2018. The decrease was primarily driven by declines within our Pumps businesses (-6%), and unfavorable foreign currency fluctuations (-4%), partially offset by increases within our Valves businesses (+2%).

Industrial segment orders decreased $(16.1) million, or (-12%), for the three months ended June 30, 2019 compared to the three months ended July 1, 2018, primarily driven by the divestiture (-3%), unfavorable foreign exchange (-3%) and lower orders in our European Pump business (- 3%) and North American Valves business (-3%).

Segment operating income, excluding divestiture, increased $1.0 million, or (+4%), for the three months ended June 30, 2019 compared to the three months ended July 1, 2018, primarily driven by the impact of pricing actions as well as a result of our proactive focus on shifting the mix towards more profitable customers, regions and end markets.

Corporate Expenses

Corporate expenses were flat at $6.5 million for the three months ended June 30, 2019 and the three months ended July 1, 2018.

Special and Restructuring Charges (Recoveries), net

During the three months ended June 30, 2019 and July 1, 2018, the Company recorded net charges of $5.0 million and $2.0 million, respectively, within our condensed consolidated statements of (loss) income caption "Special and restructuring charges (recoveries), net". These special and restructuring charges (recoveries), net are described in further detail in Note 5 to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Restructuring-related inventory charges

During the three months ended June 30, 2019 and July 1, 2018, the Company recorded charges of $2.1 million and $1.1 million, respectively within our condensed consolidated statement of income (loss) caption “Cost of Revenues”. These charges are described in further details 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 June 30, 2019 and July 1, 2018, the Company recorded amortization expense of $11.2 million and $11.7 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 June 30, 2019 and July 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 decreased $(0.9) million to $12.9 million in the three months ended June 30, 2019 compared to the three months ended July 1, 2018. The change in interest expense was primarily due to lower debt balances, partially offset by higher interest rates.

Other Expense (Income), net

During the three months ended June 30, 2019, we had other expense, net of $0.1 million, as compared to other income, net of $(3.8) million for the three months ended July 1, 2018. The year-over-year change is driven by lower foreign exchange gains and lower pension income. 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 June 30, 2019 we had comprehensive income of $22.8 million, as compared to comprehensive loss of $19.7 million for the three months ended July 1, 2018. The change in comprehensive income (loss) is further outlined in our condensed consolidated statements of comprehensive 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 June 30, 2019 as compared to the three months ended July 1, 2018 (in thousands, except percentages).

	Three months ended	
	June 30, 2019	**July 1, 2018**
INCOME/(LOSS) BEFORE INCOME TAXES	$ (8,809)	$ (1,744)
U.S. tax rate	21.0 %	21.0 %
State taxes	(3.8)%	73.2 %
U.S. permanent differences	(20.5)%	76.5 %
Foreign derived intangible income	(31.0)%	67.3 %
Foreign Tax rate differential	(87.2)%	140.0 %
Unbenefited foreign losses	— %	(33.1)%
Global Intangible Low-Taxed Income impact	15.2 %	82.6 %
Other	(3.9)%	1.9 %
Effective tax rate	(110.2)%	429.4 %
(Provision for)/ Benefit from income taxes	$ (9,711)	$ 7,646

The above changes in the various rate reconciling items for the three months ended June 30, 2019 compared to the three months ended July 1, 2018 are mainly due to changes in the forecasted jurisdictional mix of earnings year over year which resulted in a decrease in the forecasted annual effective tax rate.

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 $2.0 million and $2.5 million to complete the OKC Closure 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.

First Six Months of 2019 Compared With First Six Months of 2018

Consolidated Operations

	Six Months Ended					
(in thousands)	June 30, 2019	July 1, 2018	Total Change	Divestiture	Operations	Foreign Exchange
Net Revenues						
Energy	$ 184,008	$ 212,776	$ (28,768)	$ (28,858)	$ 3,421	$ (3,331)
Aerospace & Defense	125,934	115,977	9,957	—	12,170	(2,213)
Industrial	230,060	248,195	(18,135)	(5,396)	(1,520)	(11,219)
Consolidated Net Revenues	$ 540,002	$ 576,948	$ (36,946)	$ (34,254)	$ 14,071	$ (16,763)

Net revenues for the six months ended June 30, 2019 were $540 million, a decrease of $(36.9) million, or (-6%), as compared to the six months ended July 1, 2018, primarily driven by divestitures (-6%) and unfavorable foreign currency translation (-3%), partially offset by organic growth (+2%) primarily from our Energy and Aerospace & Defense businesses

Segment Results

(in thousands, except percentages)	Six Months Ended	
	June 30, 2019	July 1, 2018
Net revenues		
Energy	$ 184,008	$ 212,776
Aerospace & Defense	125,934	115,977
Industrial	230,060	248,195
Consolidated net revenues	$ 540,002	$ 576,948
Loss Income from operations before income taxes		
Energy - Segment Operating Income	10,281	14,938
Aerospace & Defense - Segment Operating Income	19,817	15,923
Industrial - Segment Operating Income	26,924	27,983
Corporate expenses	(13,196)	(14,249)
Subtotal	43,826	44,595
Restructuring charges, net	2,390	10,459
Special (recoveries) charges, net	(5,213)	3,987
Special and restructuring (recoveries) charges, net (1)	(2,823)	14,446
Restructuring related inventory charges (1)	5,255	1,540
Amortization of inventory step-up	—	6,600
Acquisition amortization (2)	23,325	23,565
Acquisition depreciation (2)	2,229	3,572
Acquisition amortization and other costs, net	30,809	35,277
Consolidated Operating Income (Loss)	15,840	(5,128)
Interest expense, net	26,035	25,556
Other income, net	(1,832)	(5,620)
Loss from operations before income taxes	$ (8,363)	$ (25,064)
Consolidated Operating Margin	2.9%	(0.9)%

(1) See Special and Restructuring Charges (Recoveries), net in Note 5 to the condensed consolidated financial statements 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)	Six Months Ended June 30, 2019	Six Months Ended July 1, 2018	Change
Net Revenues as reported	$ 184,008	$ 212,776	$ (28,768)
Net Revenues excluding divestiture (1)	180,902	180,626	276
Segment Operating Income	10,281	14,938	(4,657)
Segment Operating Income excluding divestiture (2)	10,281	12,844	(2,563)
Segment Operating Margin (adjusted)	5.7%	7.1%	
Segment Orders	130,009	242,933	112,924

(1) Adjusted for the January 2019 divestiture of our Reliability Services business, which generated revenues of $3.1 million and $32.1 million for the six months ended June 30, 2019 and July 1, 2018, respectively.

(2) Adjusted for the January 2019 divestiture of our Reliability Services business, which contributed $0.0 million and $2.1 million to segment operating income for the six months ended June 30, 2019 and July 1, 2018, respectively.

Energy segment net revenues, excluding divestitures, increased $0.2 million, or 0.0%, for the six months ended June 30, 2019 compared to the six months ended July 1, 2018. The increase was primarily driven by by organic growth (+2%), offset by unfavorable foreign currency translation (-2%).

Energy segment orders decreased $(112.9) million, or (-46%), for the six months ended June 30, 2019 compared to the six months ended July 1, 2018, primarily driven by the divestiture of our Reliability Services business (-13%), award push-outs within our Refinery Valves business (-13%), order cancellations within our North American Distributed Valves business (-11%) and the timing of projects within our Engineered Valves business (-11%).

Segment operating income, excluding divestitures, decreased $2.6 million, or 20%, to $10.3 million, for the six months ended June 30, 2019 compared to $12.8 million for the six months ended July 1, 2018. The decrease was primarily driven by decline in revenue volume and operational inefficiencies in our North American Distributed Valves businesses (-59%) and the impact of divestitures (-14%), partially offset by volume and efficiencies in our Refinery Valves business (+23%) and the remainder of the Energy portfolio (+16%).

The decrease in segment operating margin from 7.1% to 5.7% was primarily driven by losses within our Distributed Valves business.

Aerospace & Defense Segment

(in thousands, except percentages)	Six Months Ended June 30, 2019	Six Months Ended July 1, 2018	Change
Net Revenues	$ 125,934	$ 115,977	$ 9,957
Segment Operating Income	19,817	15,923	3,894
Segment Operating Margin	15.7%	13.7%	
Segment Orders	181,512	119,234	(62,278)

Aerospace & Defense segment net revenues increased by $9.9 million, or (+9%), to $125.8 million for the six months ended June 30, 2019 compared to the six months ended July 1, 2018. The increase was driven by growth across all areas and led by our defense business and was partially offset by unfavorable foreign currency fluctuations (-2%).

Aerospace & Defense segment orders increased $62.3 million, or (+52%), for the six months ended June 30, 2019 compared to the six months ended July 1, 2018, primarily driven by our U.S. Defense orders (+48%), growth across the remainder of the portfolio (+6%), partially offset by unfavorable foreign currency fluctuations (-2%).

Segment operating income increased $3.9 million, or (+24%), to $19.8 million for the six months ended June 30, 2019 compared to the six months ended July 1, 2018. The increase in operating income was primarily driven by the U.S. Defense business (+17%).

The increase in segment operating margin from 13.7% to 15.7% was driven by higher volume, price and operational efficiencies across the businesses.

Industrial Segment

	Six Months Ended			
(in thousands, except percentages)	**June 30, 2019**	**July 1, 2018**		**Change**
Net Revenues	230,060	248,195	$	(18,135)
Net Revenues excluding divestiture (1)	230,060	242,799		(12,739)
Segment Operating Income	26,924	27,983		(1,059)
Segment Operating Income excluding divestiture (2)	26,924	28,331		(1,407)
Segment Operating Margin (adjusted)	11.7%	11.7%		
Segment Orders	244,407	273,353		28,946

(1) Adjusted for the October 2018 divestiture of the "Delden Business", which generated revenues of $0.0 million and $5.4 million for the six months ended June 30, 2019 and July 1, 2018, respectively.

(2) Adjusted for the October 2018 divestiture of the Delden Business, which contributed $0.0 million and $0.3 million to segment operating income for the six months ended June 30, 2019 and July 1, 2018, respectively.

Industrial segment net revenue, excluding divestiture, decreased $(12.7) million, or (-5%), to $230.1 million for the six months ended June 30, 2019 compared to the six months ended July 1, 2018. The decrease was primarily driven by unfavorable foreign exchange (-5%) and declines in our Pumps EMEA business partially offset by growth in our Valves business in both EMEA and North America.

Industrial segment orders decreased $(28.9) million, or 11%, for the six months ended June 30, 2019 compared to the six months ended July 1, 2018, primarily driven by declines within our Pumps Business (11%).

Segment operating income, excluding divestiture, decreased $(1.4) million, or 5%, for the six months ended June 30, 2019 compared to the six months ended July 1, 2018, primarily driven by unfavorable foreign currency and our European Pumps Businesses (-16%) partially offset by strength in our Valves business (+11%) in both Europe and North America

Segment Operating Margin remained consistent driven by price increases and synergies partially offset by volume and unfavorable foreign exchange.

Corporate Expenses

Corporate expenses were $13.2 million for the six months ended June 30, 2019 compared to $14.2 million for the six months ended July 1, 2018. The decrease from the prior year was primarily driven by lower professional fees and integration costs.

Special and Restructuring (Recoveries) Charges, net

During the six months ended June 30, 2019 and July 1, 2018, the Company recorded a net recovery of $(2.8) million and a net charge of $14.4 million, respectively, within our condensed consolidated statements of (loss) income caption "Special and restructuring charges (recoveries), 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.

Restructuring-related inventory charges

During the six months ended June 30, 2019 and July 1, 2018, the Company recorded charges of $5.2 million and $1.5 million, respectively, within our condensed consolidated statements of (loss) income caption “Cost of Revenues”. These charges are described in further details in Note 5 to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

Acquisition amortization

During the six months ended June 30, 2019 and July 1, 2018, the Company recorded amortization expense of $23.3 million and $23.6 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 six months ended June 30, 2019 and July 1, 2018, the Company recorded depreciation expense of $2.2 million and $3.6 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 $0.5 million to $26.0 million in the six months ended June 30, 2019 compared to the six months ended July 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 six months ended June 30, 2019, we had other income, net of $(1.8) million, as compared to other income, net of $(5.6) million for the six months ended July 1, 2018. The year-over-year change is driven by lower foreign exchange gains and lower pension income. Effective January 1, 2018, all non-service pension gains and losses are recorded in the Other (Income) Expense, net caption on our condensed consolidated statements of (loss) income.

Comprehensive Income (Loss)

During the six months ended June 30, 2019, we had comprehensive loss of $(38.4) million, as compared to comprehensive loss of $(28.8) million for the six months ended July 1, 2018. The change in comprehensive loss is further outlined in our condensed consolidated statements of comprehensive 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 six months ended June 30, 2019 as compared to the six months ended July 1, 2018 (in thousands, except percentages).

	Six months ended	
	June 30, 2019	**July 1, 2018**
LOSS BEFORE INCOME TAXES	$ (8,363)	$ (25,064)
U.S. tax rate	21.0 %	21.0 %
US permanent differences	(24.0)%	8.0 %
Foreign derived intangible income	(37.0)%	5.9 %
Foreign Tax rate differential	(97.9)%	16.1 %
Global Intangible Low-Taxed Income impact	17.8 %	(2.7)%
Divestiture of Reliability Services	(34.5)%	— %
Other	(22.2)%	5.7 %
Effective tax rate	(176.8)%	54.0 %
(Provision for)/Benefit from income taxes	$ (14,790)	$ 13,525

The above changes in the various rate reconciling items for the six months ended June 30, 2019 compared to the six months ended July 1, 2018 are mainly due to changes in the forecasted jurisdictional mix of earnings year over year which resulted in a decrease in the forecasted annual effective tax rate.

The tax impact of the sale of the Reliability Services business includes a partial disposition of goodwill that is not deductible for tax purposes. In addition, the "Other" amounts for the six months ended June 30, 2019 is primarily composed of non-deductible tax impact of equity compensation.

Restructuring Actions

During 2018 and 2017, we initiated the 2018 Actions and the 2017 Actions. Under these restructurings, we reduced expenses, primarily through reductions in workforce and closing a number of smaller facilities. 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 $2.0 million and $2.5 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 six month periods indicated (in thousands):

	June 30, 2019	July 1, 2018
Cash flow provided by (used in):		
Operating activities	$ (10,039)	$ (610)
Investing activities	75,519	(5,404)
Financing activities	(58,694)	(29,672)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	793	(5,785)
(Decrease) / Increase in cash, cash equivalents and restricted cash	$ 7,579	$ (41,471)

During the six months ended June 30, 2019, we used $10.0 million of cash from operations compared to $0.6 million during the same period in 2018. The $9.4 million increased use in cash was primarily driven by a one-time pricing reimbursement in the 2018 and lower overall revenue volume primarily as a result of divestitures, partially offset by increased cash from working capital. In Q3 2019, we expect to pay $2.4 million related to the settlement of the California wage and hour action described in Note 11 of the financial statements.

During the six months ended June 30, 2019, we generated $75.5 million of cash by investing activities as compared to using cash of $5.4 million in investing activities during the same period in 2018. The $80.9 million year over year increase in cash generated was primarily driven by the sale of our Reliability Services business in January 2019 for $82.2 million and lower purchases of property, plant, and equipment of $5.0 million, partially offset by a $6.3 million cash receipt in 2018 related to the working capital settlement with FH.

During the six months ended June 30, 2019, we used $58.7 million of cash in financing activities as compared to $29.7 million cash used in financing activities during the same period in 2018. The $29.0 million year over year increase in cash used in financing activities arises from an $89.9 million increase in net debt repayments, offset by a $61.2 million repayment of cash to the FH seller in 2018.

As of June 30, 2019, total debt was $728.7 million compared to $786.0 million as of December 31, 2018. Total debt as a percentage of total shareholders' equity was 148% as of June 30, 2019 compared to 149% as of December 31, 2018. As of June 30, 2019, we had available capacity to borrow an additional $112.0 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. The Company has entered into a cross-currency swap agreement to hedge against future volatility in exchange rates. 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 June 30, 2019, we had borrowings of $728.7 million outstanding under the 2017 Credit Agreement and $61.8 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 June 30, 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 2.2:1 as of June 30, 2019, which reflected no change from December 31, 2018.

As of June 30, 2019, cash, cash equivalents, and short-term investments totaled $76.1 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. 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 good 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. There have been no material changes outside of the ordinary course of business in contractual obligations set forth in the table included within our Form 10-K.

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. The Company has entered into a cross-currency swap agreement to hedge against future volatility in exchange rates. See Financial Instruments in Note 9.

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 June 30, 2019, the Company's disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended June 30, 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

Except for the following additional risk factor, we have not identified any material changes to the risk factors as previously disclosed in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2018.

Actions of stockholders or others in response to expiration of the recent unsolicited tender offer could cause us to incur substantial costs, divert management's attention and resources, and have an adverse effect on our business.

During the second quarter of 2019, we became subject to an unsolicited tender offer to purchase all outstanding shares of our common stock. At the time the tender offer expired on July 19, 2019, approximately two-thirds of our issued and outstanding shares had been tendered and, as a result, we expect that we will receive additional attention and scrutiny from investors, potential acquirors, activist stockholders and others. Various actions to seek to effect change are available to such persons, including private engagement, publicity campaigns, proxy contests, litigation and other efforts to force transactions not supported by our board of directors or to acquire control over our company. Responding to such actions could be costly and time-consuming, may not align with our business strategies and could divert the attention of our board of directors and management from the management of our operations and the pursuit of business strategies. In addition, perceived uncertainties as to our future direction, strategy or leadership created as a consequence of any such actions may result in the loss of potential business opportunities, harm our ability to attract new investors, customers and employees, and cause our stock price to experience periods of volatility or stagnation.

ITEM 6. EXHIBITS

Exhibit No.		Description and Location
10.1*		Form of Performance-Based Restricted Stock Unit Agreement for Employees under the 2019 Stock Option and Incentive Plan.
10.2*		Amendment to Executive Change of Control Agreement for Chadi Chahine
10.3*		Amendment to Executive Change of Control Agreement for Lane Walker
10.4*		Amendment to Executive Change of Control Agreement for Tony Najjar
10.5*		Third Amendment to Executive Change of Control Agreement for Arjun Sharma
10.6*		Second Amendment to Executive Change of Control Agreement for Andrew Farnsworth
10.7*		Second Amendment to Executive Change of Control Agreement for David Mullen
10.8*		Second Amendment to Executive Change of Control Agreement for Scott Buckhout
10.9*		Amendment to Executive Change of Control Agreement for Sumit Mehrotra
10.10*		Second Amendment to Executive Change of Control Agreement for Sumit Mehrotra
31.1*		Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*		Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32**		Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101		The following financial statements (Unaudited) from CIRCOR International, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2019, as filed with the Securities and Exchange Commission on August 1, 2019, formatted in XBRL (eXtensible Business Reporting Language), as follows:
	(i)	Condensed Consolidated Balance Sheets as of June 30, 2019 and December 31, 2018
	(ii)	Condensed Consolidated Statements of (Loss) Income for the Three and Six Months Ended June 30, 2019 and July 1, 2018
	(iii)	Condensed Consolidated Statements of Comprehensive Loss for the Three and Six Months Ended June 30, 2019 and July 1, 2018
	(iv)	Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2019 and July 1, 2018
	(v)	Condensed Consolidated Statements of Shareholders' Equity as of Three and Six Months Ended June 30, 2019 and July 1, 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.

August 1, 2019	/s/ Scott A. Buckhout **Scott A. Buckhout** **President and Chief Executive Officer** ***Principal Executive Officer***
August 1, 2019	/s/ Chadi Chahine **Chadi Chahine** **Senior Vice President and Chief Financial Officer** ***Principal Financial Officer***
August 1, 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.
2019 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: May 14, 2019

Pursuant to the CIRCOR International, Inc. 2019 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 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

Exhibit 10.2

AMENDMENT TO EXECUTIVE CHANGE OF CONTROL AGREEMENT

This AMENDMENT TO EXECUTIVE CHANGE OF CONTROL AGREEMENT, effective June 21, 2019 is by and between CIRCOR International, Inc., a Massachusetts corporation (the "Company") and Chadi Chahine (the "Executive").

WHEREAS, the Company and the Executive entered into an executive change in control agreement made as of January 7th, 2019 (the "Agreement");

WHEREAS, the Agreement generally provided for double trigger vesting for equity awards;

WHEREAS, the Company has granted equity awards to the Executive after the date of the Agreement;

WHEREAS, the parties desire to clarify that the provisions of this Agreement apply to all equity awards upon Change of Control;.

NOW, THEREFORE, the Company and the Executive, each intending to be legally bound hereby, do mutually covenant and agree as follows:

1. Paragraph 3(c) is hereby amended by adding the following immediately after the second sentence thereof:

"For the avoidance of doubt, the vesting of all Equity Awards shall be subject to this Paragraph 3(c), nothing in the award agreements for such Equity Awards shall be construed to preempt or otherwise override it, and references to "Participant" refer to the Executive."

2. The Agreement otherwise remains in full force and effect as to all other provisions under said Agreement.

IN WITNESS WHEREOF, the parties hereto have executed the Amendment as of the date first above written.

CIRCOR INTERNATIONAL, INC.

By:

Name: Andrew Farnsworth

Title: CHRO

EXECUTIVE

By:

Name: Chadi

Chahine

Exhibit 10.3

AMENDMENT TO EXECUTIVE CHANGE OF CONTROL AGREEMENT

This AMENDMENT TO EXECUTIVE CHANGE OF CONTROL AGREEMENT, effective June 21, 2019 is by and between CIRCOR International, Inc., a Massachusetts Corporation (the "Company") and Lane Walker (the "Executive").

WHEREAS, the Company and the Executive entered into an executive change in control agreement made as of October 10, 2018 (the "Agreement");

WHEREAS, the Agreement generally provided for double trigger vesting for equity awards;

WHEREAS, the Company has granted equity awards to the Executive after the date of the Agreement;

WHEREAS, the parties desire to clarify that the provisions of this Agreement apply to all equity awards upon Change of Control;

NOW, THEREFORE, the Company and the Executive, each intending to be legally bound hereby, do mutually covenant and agree as follows:

1. Paragraph 3(c) is hereby amended by adding the following immediately after the second sentence thereof:

"For the avoidance of doubt, the vesting of all Equity Awards shall be subject to this Paragraph 3(c), nothing in the award agreements for such Equity Awards shall be construed to preempt or otherwise override it, and references to "Participant" refer to the Executive."

2. The Agreement otherwise remains in full force and effect as to all other provisions under said Agreement.

IN WITNESS WHEREOF, the parties hereto have executed the Amendment as of the date first above written.

CIRCOR INTERNATIONAL, INC.

By: ____________

Name: Andrew Farnsworth

Title: CHRO

EXECUTIVE

By:

Name: Lane

Title: President,

Walker

Energy Group

Exhibit 10.4

AMENDMENT TO EXECUTIVE CHANGE OF CONTROL AGREEMENT

This AMENDMENT TO EXECUTIVE CHANGE OF CONTROL AGREEMENT, effective June 21, 2019 is by and between CIRCOR International, Inc., a Massachusetts corporation (the "Company") and Tony Najjar (the "Executive").

WHEREAS, the Company and the Executive entered into an executive change in control agreement made as of March 21, 2018 (the "Agreement");

WHEREAS, the Agreement generally provided for double trigger vesting for equity awards;

WHEREAS, the Company has granted equity awards to the Executive after the date of the Agreement;

WHEREAS, the parties desire to clarify that the provisions of this Agreement apply to all equity awards granted on or after March 5, 2018.

NOW, THEREFORE, the Company and the Executive, each intending to be legally bound hereby, do mutually covenant and agree as follows:

1. Paragraph 3(c) is hereby amended by adding the following immediately after the second sentence thereof:

"For the avoidance of doubt, the vesting of all Equity Awards granted on or after March 5, 2018 shall be subject to this Paragraph 3(c), nothing in the award agreements for such Equity Awards shall be construed to preempt or otherwise override it, and references to "Participant" refer to the Executive."

2. The Agreement otherwise remains in full force and effect as to all other provisions under said Agreement.

Signature Page to Follow

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

CIRCOR INTERNATIONAL, INC.

By: ________________________________

Name: Andrew Farnsworth

Title: CHRO

EXECUTIVE

By: ________________________________

Name: Tony Najjar

DM_US 160476124-2.092607.0020

Exhibit 10.5

THIRD AMENDMENT TO EXECUTIVE CHANGE OF CONTROL AGREEMENT

This THIRD AMENDMENT TO EXECUTIVE CHANGE OF CONTROL AGREEMENT, effective June 21, 2019 is by and between CIRCOR International, Inc., a Massachusetts corporation (the "Company") and Arjun Sharma (the "Executive").

WHEREAS, the Company and the Executive entered into an executive change in control agreement made as of September 9, 20019 (the "Agreement");

WHEREAS, the Company and the Executive amended the Agreement pursuant to the Amendment to Executive Change of Control Agreement, dated January 24, 2019 and the Second Amendment to Executive Change of Control Agreement dated January 24, 2019;

WHEREAS, the foregoing amendment generally provided for double trigger vesting for equity awards granted after March 2, 2019;

WHEREAS, the Company has granted equity awards to the Executive after March 2, 2019;

WHEREAS, the parties desire to clarify how accelerated vesting applies to Performance Shares (as defined below) granted after March 2, 2019.

NOW, THEREFORE, the Company and the Executive, each intending to be legally bound hereby, do mutually covenant and agree as follows:

1. The last sentence of Paragraph 3(a)(iii) shall be deleted in its entirety and replaced with the following:

"The vesting for stock units that vest, in whole or in part business criteria that apply to the Executive, a business unit, division, subsidiary, affiliate, the Company or any combination of the foregoing (the "Performance Shares") shall be determined as set forth in the Appendix hereto. For the avoidance of doubt, the vesting of all equity awards (including stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares or any other form of award that is measured with reference to the Company's common stock) granted after March 2, 2019 shall be subject to this Paragraph 3(a)(iii) and the Appendix hereof and nothing in the award agreements for any equity awards shall be construed to preempt or otherwise override them."

2. The Appendix attached to this Amendment is made a part of the Agreement.

3. The Agreement otherwise remains in full force and effect as to all other provisions under said Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Third Amendment as of the date first above written.

CIRCOR INTERNATIONAL, INC.

By: ________________________________

Name: Andrew Farnsworth

Title: CHRO

EXECUTIVE

By: ________________________________

Name: Arjun Sharma

Appendix - Performance Shares

The vesting of Performance Shares shall be determined as set forth below.

A. In the event of a Change in Control that does not also constitute a "change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation" under Treas. Reg. §1.409A-3(i)(5), then (i) the Performance Shares subject to this Agreement shall remain outstanding and (ii) the Performance Shares shall continue to be subject to the terms of this Agreement.

B. In the event of a Change in Control that is also a "change in the effective control of a corporation" under Treas. Reg. § 1.409A-3(i)(5)(vi), then (i) the Performance Shares subject to this Agreement shall remain outstanding, (ii) such Performance Shares shall continue to be subject to the terms of this Agreement, (iii) all requirements to remain employed until the end of the applicable performance period shall be waived, and (iv) such Performance Shares shall be paid out on a pro-rata basis based upon the actual level of performance for the applicable performance period, with such Performance Shares to be delivered at the same time as if the Executive had remained employed with the Company.

C. In the event of a Change in Control that is also a "change in the ownership of a corporation" under Treas. Reg. § 1.409A-3(i)(5)(v) or a "change in the ownership of a substantial portion of a corporation's assets" under Treas. Reg. §1.409A-3(i)(5)(vii) (a "Special CIC"), the Performance Shares shall immediately vest and the Executive shall receive, within 10 days of such Special CIC, the consideration (including all stock, other securities or assets, including cash) payable in respect of the target number of Performance Shares (or, if greater, the number of Performance Shares based on actual performance from the beginning of the Performance Period until the Special CIC, as reasonably determined by the Committee based on available information) as if they were vested, issued and outstanding at the time of such Special CIC on a pro rata basis; provided, however, that with respect to Performance Shares that are otherwise subject to a "substantial risk of forfeiture" under Treas. Reg.§ l.409A-l(d) and to the extent permitted by Treas. Reg. § 1.409-3, the Committee may arrange for the substitution for the Performance Shares with the grant of a replacement award (the "Replacement Award") to the Executive of shares of restricted stock of the surviving or successor entity (or the ultimate parent thereof) in such Change in Control, but only if all of the following criteria are met:

(1) Such Replacement Award shall consist of securities listed for trading following such Change in Control on a national securities exchange;

(2) Such Replacement Award shall have a value as of the date of such Change in Control equal to the value of the target number of Performance Shares (or, if greater, the number of Performance Shares based on actual performance from the beginning of the Performance Period until the Special CIC, as reasonably determined by the Committee based on available information), calculated as if the Performance Shares were exchanged for the consideration (including all stock, other securities or assets, including cash) payable for shares of Common Stock in such Change in Control transaction;

(3) Such Replacement Award shall become vested and the securities underlying the Replacement Award shall be issued to the Executive on the 2nd anniversary of the Change in Control, if such Change in Control occurs within the first 12 months of the applicable performance period, or the 1st anniversary of the Change in Control if such Change in Control occurs after the first 12 months of the applicable performance period, in either case subject to Participant's continued employment with the surviving or

successor entity (or a direct or indirect subsidiary thereof) through such date, provided, however, that such Replacement Award will vest immediately upon and the securities underlying the Replacement Award shall be issued within 60 days after the date that (i) Participant's employment is terminated by the surviving or successor entity without Cause, (ii) Participant's employment is terminated for Good Reason, (iii) Executive's death or (iv) Executive's medically diagnosed permanent physical or mental inability to perform his or her job duties;

(4) Notwithstanding clause (3) above, such Replacement Award shall vest immediately prior to and the securities underlying the Replacement Award shall be issued to Executive upon (i) any transaction with respect to the surviving or successor entity or parent or subsidiary company thereof) of substantially similar character to a Change in Control, or (ii) the securities constituting such Replacement Award ceasing to be listed on a national securities exchange, in each case so long as Executive remains continuously employed until such time;

(5) The Replacement Award or the right to such Replacement Award does not cause the Performance Shares to become subject to tax under Section 409A of the Code; and

(6) Upon such substitution the Performance Shares shall terminate and be of no further force and effect.

Exhibit 10.6

SECOND AMENDMENT TO EXECUTIVE CHANGE OF CONTROL AGREEMENT

This SECOND AMENDMENT TO EXECUTIVE CHANGE OF CONTROL AGREEMENT, effective June 21, 2019 is by and between CIRCOR International, Inc., a Massachusetts corporation (the "Company") and Andrew Farnsworth (the "Executive").

WHEREAS, the Company and the Executive entered into an executive change in control agreement made as of 10 June 2015 (the "Agreement");

WHEREAS, the Company and the Executive amended the Agreement pursuant to the Amendment to Executive Change of Control Agreement, dated January 24, 2019;

WHEREAS, the foregoing amendment generally provided for double trigger vesting for equity awards granted after March 2, 2019;

WHEREAS, the Company has granted equity awards to the Executive after March 2, 2019;

WHEREAS, the parties desire to clarify how accelerated vesting applies to Performance Shares (as defined below) granted after March 2, 2019.

NOW, THEREFORE, the Company and the Executive, each intending to be legally bound hereby, do mutually covenant and agree as follows:

1. The last sentence of Paragraph 3(a)(iii) shall be deleted in its entirety and replaced with the following:

"The vesting for stock units that vest, in whole or in part business criteria that apply to the Executive, a business unit, division, subsidiary, affiliate, the Company or any combination of the foregoing (the "Performance Shares") shall be determined as set forth in the Appendix hereto. For the avoidance of doubt, the vesting of all equity awards (including stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares or any other form of award that is measured with reference to the Company's common stock) granted after March 2, 2019 shall be subject to this Paragraph 3(a)(iii) and the Appendix hereof and nothing in the award agreements for any equity awards shall be construed to preempt or otherwise override them."

2. The Appendix attached to this Amendment is made a part of the Agreement.

3. The Agreement otherwise remains in full force and effect as to all other provisions under said Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment as of the date first above written.

CIRCOR INTERNATIONAL, INC.

By: ______________

Name: Scott Buckhout

Title: President and CEO

EXECUTIVE

By: ______________

Name: Andrew Farnsworth

Title: CHRO

Appendix - Performance Shares

The vesting of Performance Shares shall be determined as set forth below.

A. In the event of a Change in Control that does not also constitute a “change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation” under Treas. Reg. §1.409A-3(i)(5), then (i) the Performance Shares subject to this Agreement shall remain outstanding and (ii) the Performance Shares shall continue to be subject to the terms of this Agreement.

B. In the event of a Change in Control that is also a “change in the effective control of a corporation” under Treas. Reg. § 1.409A-3(i)(5)(vi), then (i) the Performance Shares subject to this Agreement shall remain outstanding, (ii) such Performance Shares shall continue to be subject to the terms of this Agreement, (iii) all requirements to remain employed until the end of the applicable performance period shall be waived, and (iv) such Performance Shares shall be paid out on a pro-rata basis based upon the actual level of performance for the applicable performance period, with such Performance Shares to be delivered at the same time as if the Executive had remained employed with the Company.

C. In the event of a Change in Control that is also a “change in the ownership of a corporation” under Treas. Reg. § 1.409A-3(i)(5)(v) or a “change in the ownership of a substantial portion of a corporation's assets” under Treas. Reg. §1.409A-3(i)(5)(vii) (a “Special CIC”), the Performance Shares shall immediately vest and the Executive shall receive, within 10 days of such Special CIC, the consideration (including all stock, other securities or assets, including cash) payable in respect of the target number of Performance Shares (or, if greater, the number of Performance Shares based on actual performance from the beginning of the Performance Period until the Special CIC, as reasonably determined by the Committee based on available information) as if they were vested, issued and outstanding at the time of such Special CIC on a pro rata basis; provided, however, that with respect to Performance Shares that are otherwise subject to a “substantial risk of forfeiture” under Treas. Reg.§ l.409A-l(d) and to the extent permitted by Treas. Reg. § 1.409-3, the Committee may arrange for the substitution for the Performance Shares with the grant of a replacement award (the “Replacement Award”) to the Executive of shares of restricted stock of the surviving or successor entity (or the ultimate parent thereof) in such Change in Control, but only if all of the following criteria are met:

(1) Such Replacement Award shall consist of securities listed for trading following such Change in Control on a national securities exchange;

(2) Such Replacement Award shall have a value as of the date of such Change in Control equal to the value of the target number of Performance Shares (or, if greater, the number of Performance Shares based on actual performance from the beginning of the Performance Period until the Special CIC, as reasonably determined by the Committee based on available information), calculated as if the Performance Shares were exchanged for the consideration (including all stock, other securities or assets, including cash) payable for shares of Common Stock in such Change in Control transaction;

(3) Such Replacement Award shall become vested and the securities underlying the Replacement Award shall be issued to the Executive on the 2nd anniversary of the Change in Control, if such Change in Control occurs within the first 12 months of the applicable performance period, or the 1st anniversary of the Change in Control if such Change in Control occurs after the first 12 months of the applicable performance period, in either case subject to Participant's continued employment with the surviving or successor entity (or a direct or indirect subsidiary thereof) through such date, provided, however, that

such Replacement Award will vest immediately upon and the securities underlying the Replacement Award shall be issued within 60 days after the date that (i) Participant's employment is terminated by the surviving or successor entity without Cause, (ii) Participant's employment is terminated for Good Reason, (iii) Executive's death or (iv) Executive's medically diagnosed permanent physical or mental inability to perform his or her job duties;

(4) Notwithstanding clause (3) above, such Replacement Award shall vest immediately prior to and the securities underlying the Replacement Award shall be issued to Executive upon (i) any transaction with respect to the surviving or successor entity or parent or subsidiary company thereof of substantially similar character to a Change in Control, or (ii) the securities constituting such Replacement Award ceasing to be listed on a national securities exchange, in each case so long as Executive remains continuously employed until such time;

(5) The Replacement Award or the right to such Replacement Award does not cause the Performance Shares to become subject to tax under Section 409A of the Code; and

(6) Upon such substitution the Performance Shares shall terminate and be of no further force and effect.

Exhibit 10.7

SECOND AMENDMENT TO EXECUTIVE CHANGE OF CONTROL AGREEMENT

This SECOND AMENDMENT TO EXECUTIVE CHANGE OF CONTROL AGREEMENT, effective June 21, 2019 is by and between CIRCOR International, Inc., a Massachusetts corporation (the "Company") and David Mullen (the "Executive").

WHEREAS, the Company and the Executive entered into an executive change in control agreement made as of 8 January, 2016 (the "Agreement");

WHEREAS, the Company and the Executive amended the Agreement pursuant to the Amendment to Executive Change of Control Agreement, dated January 24, 2019;

WHEREAS, the foregoing amendment generally provided for double trigger vesting for equity awards granted after March 2, 2019;

WHEREAS, the Company has granted equity awards to the Executive after March 2, 2019;

WHEREAS, the parties desire to clarify how accelerated vesting applies to Performance Shares (as defined below) granted after March 2, 2019.

NOW, THEREFORE, the Company and the Executive, each intending to be legally bound hereby, do mutually covenant and agree as follows:

1. The last sentence of Paragraph 3(a)(iii) shall be deleted in its entirety and replaced with the following:

"The vesting for stock units that vest, in whole or in part business criteria that apply to the Executive, a business unit, division, subsidiary, affiliate, the Company or any combination of the foregoing (the "Performance Shares") shall be determined as set forth in the Appendix hereto. For the avoidance of doubt, the vesting of all equity awards (including stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares or any other form of award that is measured with reference to the Company's common stock) granted after March 2, 2019 shall be subject to this Paragraph 3(a)(iii) and the Appendix hereof and nothing in the award agreements for any equity awards shall be construed to preempt or otherwise override them."

2. The Appendix attached to this Amendment is made a part of the Agreement.

3. The Agreement otherwise remains in full force and effect as to all other provisions under said Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment as of the date first above written.

CIRCOR INTERNATIONAL, INC.

By: ____________

Name: Andrew Farnsworth

Title: CHRO

EXECUTIVE

By: ____________

Name: David Mullen

Title: SVP Finance

Appendix - Performance Shares

The vesting of Performance Shares shall be determined as set forth below.

A. In the event of a Change in Control that does not also constitute a “change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation” under Treas. Reg. §1.409A-3(i)(5), then (i) the Performance Shares subject to this Agreement shall remain outstanding and (ii) the Performance Shares shall continue to be subject to the terms of this Agreement.

B. In the event of a Change in Control that is also a “change in the effective control of a corporation” under Treas. Reg. § 1.409A-3(i)(5)(vi), then (i) the Performance Shares subject to this Agreement shall remain outstanding, (ii) such Performance Shares shall continue to be subject to the terms of this Agreement, (iii) all requirements to remain employed until the end of the applicable performance period shall be waived, and (iv) such Performance Shares shall be paid out on a pro-rata basis based upon the actual level of performance for the applicable performance period, with such Performance Shares to be delivered at the same time as if the Executive had remained employed with the Company.

C. In the event of a Change in Control that is also a “change in the ownership of a corporation” under Treas. Reg. § 1.409A-3(i)(5)(v) or a “change in the ownership of a substantial portion of a corporation's assets” under Treas. Reg. §1.409A-3(i)(5)(vii) (a “Special CIC”), the Performance Shares shall immediately vest and the Executive shall receive, within 10 days of such Special CIC, the consideration (including all stock, other securities or assets, including cash) payable in respect of the target number of Performance Shares (or, if greater, the number of Performance Shares based on actual performance from the beginning of the Performance Period until the Special CIC, as reasonably determined by the Committee based on available information) as if they were vested, issued and outstanding at the time of such Special CIC on a pro rata basis; provided, however, that with respect to Performance Shares that are otherwise subject to a “substantial risk of forfeiture” under Treas. Reg.§ l.409A-l(d) and to the extent permitted by Treas. Reg. § 1.409-3, the Committee may arrange for the substitution for the Performance Shares with the grant of a replacement award (the “Replacement Award”) to the Executive of shares of restricted stock of the surviving or successor entity (or the ultimate parent thereof) in such Change in Control, but only if all of the following criteria are met:

(1) Such Replacement Award shall consist of securities listed for trading following such Change in Control on a national securities exchange;

(2) Such Replacement Award shall have a value as of the date of such Change in Control equal to the value of the target number of Performance Shares (or, if greater, the number of Performance Shares based on actual performance from the beginning of the Performance Period until the Special CIC, as reasonably determined by the Committee based on available information), calculated as if the Performance Shares were exchanged for the consideration (including all stock, other securities or assets, including cash) payable for shares of Common Stock in such Change in Control transaction;

(3) Such Replacement Award shall become vested and the securities underlying the Replacement Award shall be issued to the Executive on the 2nd anniversary of the Change in Control, if such Change in Control occurs within the first 12 months of the applicable performance period, or the 1st anniversary of the Change in Control if such Change in Control occurs after the first 12 months of the applicable performance period, in either case subject to Participant's continued employment with the surviving or successor entity (or a direct or indirect subsidiary thereof) through such date, provided, however, that

such Replacement Award will vest immediately upon and the securities underlying the Replacement Award shall be issued within 60 days after the date that (i) Participant's employment is terminated by the surviving or successor entity without Cause, (ii) Participant's employment is terminated for Good Reason, (iii) Executive's death or (iv) Executive's medically diagnosed permanent physical or mental inability to perform his or her job duties;

(4) Notwithstanding clause (3) above, such Replacement Award shall vest immediately prior to and the securities underlying the Replacement Award shall be issued to Executive upon (i) any transaction with respect to the surviving or successor entity or parent or subsidiary company thereof of substantially similar character to a Change in Control, or (ii) the securities constituting such Replacement Award ceasing to be listed on a national securities exchange, in each case so long as Executive remains continuously employed until such time;

(5) The Replacement Award or the right to such Replacement Award does not cause the Performance Shares to become subject to tax under Section 409A of the Code; and

(6) Upon such substitution the Performance Shares shall terminate and be of no further force and effect.

Exhibit 10.8

SECOND AMENDMENT TO EXECUTIVE CHANGE OF CONTROL AGREEMENT

This SECOND AMENDMENT TO EXECUTIVE CHANGE OF CONTROL AGREEMENT, effective June 21, 2019 is by and between CIRCOR International, Inc., a Massachusetts corporation (the "Company") and Scott Buckhout (the "Executive").

WHEREAS, the Company and the Executive entered into an executive change in control agreement made as of 9 April 2013 (the "Agreement");

WHEREAS, the Company and the Executive amended the Agreement pursuant to the Amendment to Executive Change of Control Agreement, dated January 24, 2019;

WHEREAS, the foregoing amendment generally provided for double trigger vesting for equity awards granted after March 2, 2019;

WHEREAS, the Company has granted equity awards to the Executive after March 2, 2019;

WHEREAS, the parties desire to clarify how accelerated vesting applies to Performance Shares (as defined below) granted after March 2, 2019.

NOW, THEREFORE, the Company and the Executive, each intending to be legally bound hereby, do mutually covenant and agree as follows:

1. The last sentence of Paragraph 3(a)(iii) shall be deleted in its entirety and replaced with the following:

"The vesting for stock units that vest, in whole or in part business criteria that apply to the Executive, a business unit, division, subsidiary, affiliate, the Company or any combination of the foregoing (the "Performance Shares") shall be determined as set forth in the Appendix hereto. For the avoidance of doubt, the vesting of all equity awards (including stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares or any other form of award that is measured with reference to the Company's common stock) granted after March 2, 2019 shall be subject to this Paragraph 3(a)(iii) and the Appendix hereof and nothing in the award agreements for any equity awards shall be construed to preempt or otherwise override them."

2. The Appendix attached to this Amendment is made a part of the Agreement.

3. The Agreement otherwise remains in full force and effect as to all other provisions under said Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment as of the date first above written.

CIRCOR INTERNATIONAL, INC.

By: ____________

Name: Andrew Farnsworth

Title: CHRO

EXECUTIVE

By: __________

Name: Scott Buckhout

Title: President and Chief Executive Officer

Appendix - Performance Shares

The vesting of Performance Shares shall be determined as set forth below.

A. In the event of a Change in Control that does not also constitute a “change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation” under Treas. Reg. §1.409A-3(i)(5), then (i) the Performance Shares subject to this Agreement shall remain outstanding and (ii) the Performance Shares shall continue to be subject to the terms of this Agreement.

B. In the event of a Change in Control that is also a “change in the effective control of a corporation” under Treas. Reg. § 1.409A-3(i)(5)(vi), then (i) the Performance Shares subject to this Agreement shall remain outstanding, (ii) such Performance Shares shall continue to be subject to the terms of this Agreement, (iii) all requirements to remain employed until the end of the applicable performance period shall be waived, and (iv) such Performance Shares shall be paid out on a pro-rata basis based upon the actual level of performance for the applicable performance period, with such Performance Shares to be delivered at the same time as if the Executive had remained employed with the Company.

C. In the event of a Change in Control that is also a “change in the ownership of a corporation” under Treas. Reg. § 1.409A-3(i)(5)(v) or a “change in the ownership of a substantial portion of a corporation's assets” under Treas. Reg. §1.409A-3(i)(5)(vii) (a “Special CIC”), the Performance Shares shall immediately vest and the Executive shall receive, within 10 days of such Special CIC, the consideration (including all stock, other securities or assets, including cash) payable in respect of the target number of Performance Shares (or, if greater, the number of Performance Shares based on actual performance from the beginning of the Performance Period until the Special CIC, as reasonably determined by the Committee based on available information) as if they were vested, issued and outstanding at the time of such Special CIC on a pro rata basis; provided, however, that with respect to Performance Shares that are otherwise subject to a “substantial risk of forfeiture” under Treas. Reg.§ l.409A-l(d) and to the extent permitted by Treas. Reg. § 1.409-3, the Committee may arrange for the substitution for the Performance Shares with the grant of a replacement award (the “Replacement Award”) to the Executive of shares of restricted stock of the surviving or successor entity (or the ultimate parent thereof) in such Change in Control, but only if all of the following criteria are met:

(1) Such Replacement Award shall consist of securities listed for trading following such Change in Control on a national securities exchange;

(2) Such Replacement Award shall have a value as of the date of such Change in Control equal to the value of the target number of Performance Shares (or, if greater, the number of Performance Shares based on actual performance from the beginning of the Performance Period until the Special CIC, as reasonably determined by the Committee based on available information), calculated as if the Performance Shares were exchanged for the consideration (including all stock, other securities or assets, including cash) payable for shares of Common Stock in such Change in Control transaction;

(3) Such Replacement Award shall become vested and the securities underlying the Replacement Award shall be issued to the Executive on the 2^{nd} anniversary of the Change in Control, if such Change in Control occurs within the first 12 months of the applicable performance period, or the 1^{st} anniversary of the Change in Control if such Change in Control occurs after the first 12 months of the applicable performance period, in either case subject to Participant's continued employment with the surviving or successor entity (or a direct or indirect subsidiary thereof) through such date, provided, however, that

such Replacement Award will vest immediately upon and the securities underlying the Replacement Award shall be issued within 60 days after the date that (i) Participant's employment is terminated by the surviving or successor entity without Cause, (ii) Participant's employment is terminated for Good Reason, (iii) Executive's death or (iv) Executive's medically diagnosed permanent physical or mental inability to perform his or her job duties;

(4) Notwithstanding clause (3) above, such Replacement Award shall vest immediately prior to and the securities underlying the Replacement Award shall be issued to Executive upon (i) any transaction with respect to the surviving or successor entity or parent or subsidiary company thereof of substantially similar character to a Change in Control, or (ii) the securities constituting such Replacement Award ceasing to be listed on a national securities exchange, in each case so long as Executive remains continuously employed until such time;

(5) The Replacement Award or the right to such Replacement Award does not cause the Performance Shares to become subject to tax under Section 409A of the Code; and

(6) Upon such substitution the Performance Shares shall terminate and be of no further force and effect.

Exhibit 10.9

AMENDMENT TO EXECUTIVE CHANGE OF CONTROL AGREEMENT

This AMENDMENT TO EXECUTIVE CHANGE OF CONTROL AGREEMENT, effective Jan 2, 2019 is by and between CIRCOR International, Inc., a Massachusetts corporation (the "Company") and Sumit Mehrotra (the "Executive").

WHEREAS, the Company and the Executive entered into an executive Change of Control agreement made as of October 26, 2016 (the "Agreement");

WHEREAS, the parties desire to amend the Agreement to provide for accelerated vesting of equity awards granted after March 02, 2019 only on an employment termination by the Executive for Good Reason or by the Company without Cause following a Change of Control (each as defined in the Agreement), and not the occurrence of a Change of Control without an employment termination.

NOW, THEREFORE, the Company and the Executive, each intending to be legally bound hereby, do mutually covenant and agree as follows:

1. Section 3(a)(ii) is hereby amended by replacing the semicolon therein with a period and adding the following immediately following such period:

"Notwithstanding the preceding provisions of this paragraph (ii), stock options, other stock-based awards and restricted stock units granted after March 02, 2019 shall accelerate and become exercisable and non-forfeitable in accordance with the provisions of paragraph (iii) of this Section 3(a), rather than this paragraph (ii);"

2. A new Section 3(a)(iii) is hereby added immediately following existing Section 3(a)(ii) to read as follows, and existing section references are appropriately renumbered:

"This paragraph (iii) shall apply with respect to stock options, other stock-based awards and restricted stock units granted after March 02, 2019. All stock options and other stock-based awards granted to the Executive by the Company shall immediately accelerate and become exercisable or non-forfeitable if, within twelve (12) months after the occurrence of the first event constituting a Change in Control, the Executive's employment is terminated by the Company without Cause or Executive terminates the Executive's employment for Good Reason. In addition, all restricted stock units held by the Executive pursuant to the Management Stock Purchase Plan shall become fully vested upon such employment termination and the Executive shall be entitled to receive the shares of stock represented by such restricted stock units. Executive shall also be entitled to any other rights and benefits with respect to stock related awards, to the extent and upon the terms, provided in the employee stock option or incentive plan or any agreement or other instrument attendant thereto pursuant to which such options or awards were granted; and"

Signature Page to Follow

3. The Agreement otherwise remains in full force and effect as to all other provisions under said Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first above written.

CIRCOR INTERNATIONAL, INC.

By: ________________________________

Name: Scott Buckhout

Title: President and CEO

EXECUTIVE

By: ________________________________

Name: Sumit Mehrotra

Title: President, Industrial Group

CIRCOR

Exhibit 10.10

SECOND AMENDMENT TO EXECUTIVE CHANGE OF CONTROL AGREEMENT

This SECOND AMENDMENT TO EXECUTIVE CHANGE OF CONTROL AGREEMENT, effective June 21, 2019 is by and between CIRCOR International, Inc., a Massachusetts corporation (the "Company") and Sumit Mehrotra (the "Executive").

WHEREAS, the Company and the Executive entered into an executive change in control agreement made as of 26 October 2016 (the "Agreement");

WHEREAS, the Company and the Executive amended the Agreement pursuant to the Amendment to Executive Change of Control Agreement, dated January 24, 2019;

WHEREAS, the foregoing amendment generally provided for double trigger vesting for equity awards granted after March 2, 2019;

WHEREAS, the Company has granted equity awards to the Executive after March 2, 2019;

WHEREAS, the parties desire to clarify how accelerated vesting applies to Performance Shares (as defined below) granted after March 2, 2019.

NOW, THEREFORE, the Company and the Executive, each intending to be legally bound hereby, do mutually covenant and agree as follows:

1. The last sentence of Paragraph 3(a)(iii) shall be deleted in its entirety and replaced with the following:

"The vesting for stock units that vest, in whole or in part business criteria that apply to the Executive, a business unit, division, subsidiary, affiliate, the Company or any combination of the foregoing (the "Performance Shares") shall be determined as set forth in the Appendix hereto. For the avoidance of doubt, the vesting of all equity awards (including stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares or any other form of award that is measured with reference to the Company's common stock) granted after March 2, 2019 shall be subject to this Paragraph 3(a)(iii) and the Appendix hereof and nothing in the award agreements for any equity awards shall be construed to preempt or otherwise override them."

2. The Appendix attached to this Amendment is made a part of the Agreement.

3. The Agreement otherwise remains in full force and effect as to all other provisions under said Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment as of the date first above written.

CIRCOR INTERNATIONAL, INC.

By: ____________

Name: Andrew Farnsworth

Title: CHRO

EXECUTIVE

By: ____________

Name: Sumit Mehrotra

Title: President Industrial Group

Appendix - Performance Shares

The vesting of Performance Shares shall be determined as set forth below.

A. In the event of a Change in Control that does not also constitute a “change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation” under Treas. Reg. §1.409A-3(i)(5), then (i) the Performance Shares subject to this Agreement shall remain outstanding and (ii) the Performance Shares shall continue to be subject to the terms of this Agreement.

B. In the event of a Change in Control that is also a “change in the effective control of a corporation” under Treas. Reg. § 1.409A-3(i)(5)(vi), then (i) the Performance Shares subject to this Agreement shall remain outstanding, (ii) such Performance Shares shall continue to be subject to the terms of this Agreement, (iii) all requirements to remain employed until the end of the applicable performance period shall be waived, and (iv) such Performance Shares shall be paid out on a pro-rata basis based upon the actual level of performance for the applicable performance period, with such Performance Shares to be delivered at the same time as if the Executive had remained employed with the Company.

C. In the event of a Change in Control that is also a “change in the ownership of a corporation” under Treas. Reg. § 1.409A-3(i)(5)(v) or a “change in the ownership of a substantial portion of a corporation's assets” under Treas. Reg. §1.409A-3(i)(5)(vii) (a “Special CIC”), the Performance Shares shall immediately vest and the Executive shall receive, within 10 days of such Special CIC, the consideration (including all stock, other securities or assets, including cash) payable in respect of the target number of Performance Shares (or, if greater, the number of Performance Shares based on actual performance from the beginning of the Performance Period until the Special CIC, as reasonably determined by the Committee based on available information) as if they were vested, issued and outstanding at the time of such Special CIC on a pro rata basis; provided, however, that with respect to Performance Shares that are otherwise subject to a “substantial risk of forfeiture” under Treas. Reg.§ l.409A-l(d) and to the extent permitted by Treas. Reg. § 1.409-3, the Committee may arrange for the substitution for the Performance Shares with the grant of a replacement award (the “Replacement Award”) to the Executive of shares of restricted stock of the surviving or successor entity (or the ultimate parent thereof) in such Change in Control, but only if all of the following criteria are met:

(1) Such Replacement Award shall consist of securities listed for trading following such Change in Control on a national securities exchange;

(2) Such Replacement Award shall have a value as of the date of such Change in Control equal to the value of the target number of Performance Shares (or, if greater, the number of Performance Shares based on actual performance from the beginning of the Performance Period until the Special CIC, as reasonably determined by the Committee based on available information), calculated as if the Performance Shares were exchanged for the consideration (including all stock, other securities or assets, including cash) payable for shares of Common Stock in such Change in Control transaction;

(3) Such Replacement Award shall become vested and the securities underlying the Replacement Award shall be issued to the Executive on the 2^{nd} anniversary of the Change in Control, if such Change in Control occurs within the first 12 months of the applicable performance period, or the 1^{st} anniversary of the Change in Control if such Change in Control occurs after the first 12 months of the applicable performance period, in either case subject to Participant's continued employment with the surviving or successor entity (or a direct or indirect subsidiary thereof) through such date, provided, however, that

such Replacement Award will vest immediately upon and the securities underlying the Replacement Award shall be issued within 60 days after the date that (i) Participant's employment is terminated by the surviving or successor entity without Cause, (ii) Participant's employment is terminated for Good Reason, (iii) Executive's death or (iv) Executive's medically diagnosed permanent physical or mental inability to perform his or her job duties;

(4) Notwithstanding clause (3) above, such Replacement Award shall vest immediately prior to and the securities underlying the Replacement Award shall be issued to Executive upon (i) any transaction with respect to the surviving or successor entity or parent or subsidiary company thereof of substantially similar character to a Change in Control, or (ii) the securities constituting such Replacement Award ceasing to be listed on a national securities exchange, in each case so long as Executive remains continuously employed until such time;

(5) The Replacement Award or the right to such Replacement Award does not cause the Performance Shares to become subject to tax under Section 409A of the Code; and

(6) Upon such substitution the Performance Shares shall terminate and be of no further force and effect.

Exhibit 31.1

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.

August 1, 2019	Signature:	/s/ Scott A. Buckhout
		Scott A. Buckhout
		President and Chief Executive Officer

Exhibit 31.2

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.

August 1, 2019	Signature:	/s/ Chadi Chahine
		Chadi Chahine
		Senior Vice President and Chief Financial Officer

Exhibit 32

**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	/s/ Chadi Chahine
Scott A. Buckhout	**Chadi Chahine**
President and Chief Executive Officer	**Senior Vice President and Chief Financial Officer**
Principal Executive Officer	***Principal Financial Officer***
August 1, 2019	August 1, 2019