



CIRCOR International, Inc.
Letter to Shareholders 2011

To Our Shareholders:

In 2011 we made measurable progress in executing key elements of our strategic plan and in improving CIRCOR's overall operating performance. We also capitalized on demand trends in our end markets and increased revenue 20% to \$822 million.

We are excited about our future. All three of our operating groups—**Energy, Flow Technologies** and **Aerospace**—serve large global markets with great long-term, high value-added growth opportunities. These end-markets are under-pinned by strong trends, including energy demand, energy efficiency and the infrastructure needs of the expanding global middle class. Our strategy is to build strong positions in targeted segments and niches within these end-markets, where we can create value for our customers and shareholders.

Expanding internationally into high-growth emerging markets is a key element of our strategy. In 2011, our **Energy Group** acquired a valve manufacturing business in Brazil that gives CIRCOR a presence in the large and fast-growing Brazilian domestic energy market. This investment is our gateway to serving Petrobras in oil and gas and other industrial customers in the ethanol and process end-markets. Additionally, in China, India and South America, we have been adding sales and marketing professionals to build a presence in these high-growth oil and gas markets.

We are bullish on the long-term opportunities for our **Flow Technologies Group** in power generation, where new construction has been particularly strong in emerging countries, while the aftermarket has been steady in mature economies as a result of energy efficiency initiatives. During the year, we broke ground on a new facility in India that will be used to manufacture control valves for both local and export power generation markets.

Our **Aerospace Group** has made great progress capturing long-term programs of considerable size. In fact, during 2011 we won more than \$200 million in new long-term programs including positions on major aircraft platforms such as the Airbus A350 and the Sikorsky Blackhawk helicopter. In addition to providing a long-term growth foundation, these major program wins demonstrate our customers' confidence in CIRCOR. Concurrently, our Aerospace Group continues to invest in engineering, proprietary product development and system integration, allowing us to expand our commercial and aftermarket capabilities. Specifically, we invested in our California landing gear operations and are expanding into larger commercial landing gear actuation, building on an acquisition that we made in 2010.

Lean Manufacturing and Operational Excellence initiatives remain core to our strategy. We made progress on many fronts, in some cases achieving world-class levels of performance. Our **Energy Group's** North American energy short-cycle valve business is one example. We



continued to improve performance and win new customers, taking market share and setting the standard in the industry for two-day lead times for product delivery. We are replicating these operational ‘best practices’ to improve lower performing businesses, such as our long-cycle energy projects business. We now have confidence that we have the recipe—employing our **CIRCOR Business System** approach—to continue to refine our business and create a high-performance Lean culture.

Our **Flow Technologies Group** continued improving its operational performance with a string of multi-year growth and margin expansion records; and the stellar customer delivery and service performance by our **Aerospace Group** has enabled our capture of the key new programs. These accomplishments are a direct result of the Lean transformation we have underway in CIRCOR.

Finally, we continue to develop and invest in our employees and leadership talent, the most critical element of our strategy to grow CIRCOR into a great global manufacturing company. We hired Mahesh Joshi as the new leader of our Energy Group, and we invested in our own people by promoting Michael Dill and Brian Young to lead our Aerospace Group and Company-wide Human Resource function, respectively. All bring energy, passion and critical leadership to the transformation underway at CIRCOR.

We also welcomed Andy O’Donnell to the CIRCOR Board of Directors. Andy is a well-respected leader in the global energy industry with a proven record of success during 35 years at Baker Hughes.

In summary, we made significant accomplishments on our growth strategy in 2011 that position us for accelerated growth and earnings in the years to come. Furthermore, we plan to build on those successes as we continue to execute on our strategy and draw closer to realizing our vision of becoming a ***global growth company with superior operational execution***.

I would like to extend our sincere gratitude to all of CIRCOR’s shareholders for your continued support. We look forward to another year of growth and improved operations.

A. William Higgins
Chairman, President and Chief Executive Officer

Frederic M. Burditt
Vice President, Chief Financial Officer