

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 29, 2020

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
Commission File Number 001-14962



CIRCOR INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

30 Corporate Drive, Suite 200

04-3477276
(I.R.S. Employer
Identification No.)

Burlington, MA
(Address of principal executive offices)

01803-4238
(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 May 29, 2020, there were 19,988,328 shares of the registrant's Common Stock, par value \$0.01 per share, outstanding.

EXPLANATORY NOTE REGARDING RELIANCE ON SEC ORDER RELATING TO COVID-19

As previously disclosed in the Current Report on Form 8-K filed by CIRCOR International, Inc. ("CIRCOR", the "Company", "us", "we" or "our") with the U.S. Securities and Exchange Commission (the "SEC") on April 29, 2020, the filing of this Quarterly Report on Form 10-Q for the quarter ended March 29, 2020 (this "Form 10-Q") was delayed in reliance on Release No. 34-88465 (the "Order") issued by the SEC on March 25, 2020, pursuant to Section 36 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which allows a registrant to delay the filing of certain reports under the Exchange Act by up to 45 days after the original due date of such report if a registrant is unable to meet the filing deadline due to circumstances related to the COVID-19 pandemic. The original due date of this Form 10-Q was May 8, 2020 and it is being filed within the 45-day extension period authorized by the Order.

The Company was unable to file the Form 10-Q by its original due date as a result of disruptions caused by the pandemic, including the impact of remote working by the Company's employees and third-party advisors, coupled with the need to perform additional analyses and procedures relating to COVID-19's impact on the Company's financial statements, including impairment evaluations of goodwill and intangible asset balances.

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

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

	March 29, 2020	December 31, 2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 170,861	\$ 84,531
Trade accounts receivable, less allowance for doubtful accounts of \$9,017 and \$3,086 at March 29, 2020 and December 31, 2019, respectively	116,514	125,422
Inventories	147,175	137,309
Prepaid expenses and other current assets	86,840	66,664
Assets held for sale	26,617	161,193
Total Current Assets	548,007	575,119
PROPERTY, PLANT AND EQUIPMENT, NET	166,580	172,179
OTHER ASSETS:		
Goodwill	150,928	271,893
Intangibles, net	368,519	385,542
Deferred income taxes	42,706	30,852
Other assets	32,337	35,360
TOTAL ASSETS	\$ 1,309,077	\$ 1,470,945
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 76,298	\$ 79,399
Accrued expenses and other current liabilities	103,917	94,169
Accrued compensation and benefits	25,601	19,518
Liabilities held for sale	26,617	43,289
Total Current Liabilities	232,433	236,375
LONG-TERM DEBT	588,958	636,297
DEFERRED INCOME TAXES	19,175	21,425
PENSION LIABILITY, NET	137,779	146,801
OTHER NON-CURRENT LIABILITIES	39,887	38,636
COMMITMENTS AND CONTINGENCIES (NOTE 12)		
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; 19,956,518 and 19,912,362 shares issued and outstanding at March 29, 2020 and December 31, 2019, respectively	213	213
Additional paid-in capital	447,867	446,657
Retained earnings	20,110	99,280
Common treasury stock, at cost (1,372,488 shares at March 29, 2020 and December 31, 2019)	(74,472)	(74,472)
Accumulated other comprehensive loss, net of tax	(102,873)	(80,267)
Total Shareholders' Equity	290,845	391,411
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,309,077	\$ 1,470,945

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	
	March 29, 2020	March 31, 2019
Net revenues	\$ 192,213	\$ 238,855
Cost of revenues	132,170	164,441
Gross profit	60,043	74,414
Selling, general and administrative expenses	59,558	64,506
Goodwill impairment charge	116,182	—
Special and restructuring recoveries, net	(42,292)	(7,842)
Operating (loss) income	(73,405)	17,750
Other expense (income):		
Interest expense, net	9,011	13,094
Other income, net	(2,680)	(2,148)
Total other expense, net	6,331	10,946
(Loss) income from continuing operations before income taxes	(79,736)	6,804
Provision for income taxes	8,374	5,709
(Loss) income from continuing operations, net of tax	(88,110)	1,095
Income (loss) from discontinued operations, net of tax	9,162	(5,728)
Net loss	\$ (78,948)	\$ (4,633)
Basic (loss) income per common share:		
Basic from continuing operations	\$ (4.42)	\$ 0.06
Basic from discontinued operations	\$ 0.46	\$ (0.29)
Net loss	\$ (3.96)	\$ (0.23)
Diluted (loss) income per common share:		
Diluted from continuing operations	\$ (4.42)	\$ 0.05
Diluted from discontinued operations	\$ 0.46	\$ (0.29)
Net loss	\$ (3.96)	\$ (0.23)
Weighted average number of common shares outstanding:		
Basic	19,935	19,870
Diluted	19,935	19,976

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	
	March 29, 2020	March 31, 2019
Net loss	\$ (78,948)	\$ (4,633)
Other comprehensive loss, net of tax:		
Foreign currency translation adjustments	(20,325)	(8,840)
Interest rate swap adjustments (1)	(2,320)	(2,134)
Pension adjustment	39	—
Other comprehensive loss, net of tax	(22,606)	(10,974)
COMPREHENSIVE LOSS	\$ (101,554)	\$ (15,607)

(1) Net of an income tax effect of \$0.7 million and \$0.6 million for the three months ended March 29, 2020 and March 31, 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)

	Three Months Ended	
	March 29, 2020	March 31, 2019
OPERATING ACTIVITIES		
Net loss	\$ (78,948)	\$ (4,633)
Income (loss) from discontinued operations, net of income taxes	9,162	(5,728)
(Loss) income from continuing operations	(88,110)	1,095
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation	5,121	5,500
Amortization	10,611	12,807
Provision for bad debt expense	5,802	(106)
Loss on write down of inventory	343	487
Compensation expense for share-based plans	608	1,372
Amortization of debt issuance costs	4,513	1,010
Loss on sale or write-down of property, plant and equipment	—	123
Goodwill impairment charge	116,182	—
Gain on sale of businesses	(54,356)	(10,282)
Changes in operating assets and liabilities, net of effects of acquisition and disposition:		
Trade accounts receivable	(1,550)	(1,697)
Inventories	(13,365)	(4,146)
Prepaid expenses and other assets	(5,507)	8,436
Accounts payable, accrued expenses and other liabilities	1,081	(43,676)
Net cash used in continuing operating activities	(18,627)	(29,077)
Net cash (used in) provided by discontinued operating activities	(5,320)	6,699
Net cash used in operating activities	(23,947)	(22,378)
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(3,412)	(3,292)
Proceeds from the sale of property, plant and equipment	—	28
Proceeds from the sale of business	169,773	83,321
Proceeds from beneficial interest	599	—
Net cash provided by continuing investing activities	166,960	80,057
Net cash provided by (used in) discontinued investing activities	68	(425)
Net cash provided by investing activities	167,028	79,632
FINANCING ACTIVITIES		
Proceeds from long-term debt	129,325	87,400
Payments of long-term debt	(180,891)	(140,500)
Proceeds from the exercise of stock options	118	—
Net cash used in continuing financing activities	(51,448)	(53,100)
Net cash used in financing activities	(51,448)	(53,100)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(5,389)	957
INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	86,244	5,111
Cash, cash equivalents, and restricted cash at beginning of period	85,727	69,525
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF PERIOD	\$ 171,971	\$ 74,636
Non-cash investing activities:		
Purchases of property and equipment included in accounts payable and accrued expenses	\$ 870	\$ 1,018

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, 2019	19,912	\$ 213	\$ 446,657	\$ 99,280	\$ (80,267)	\$ (74,472)	\$ 391,411
Net loss	—	—	—	(78,948)	—	—	(78,948)
Other comprehensive loss, net of tax	—	—	—	—	(22,606)	—	(22,606)
Cumulative effect adjustment related to adoption of current expected credit loss standard (ASC 326)	—	—	—	(222)	—	—	(222)
Conversion of restricted stock units	41	—	420	—	—	—	420
Stock options exercised	3	—	117	—	—	—	117
Share-based plan compensation	—	—	673	—	—	—	673
Balance as of March 29, 2020	19,956	\$ 213	\$ 447,867	\$ 20,110	\$ (102,873)	\$ (74,472)	\$ 290,845

	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)
Cumulative effect adjustment related to adoption of lease standard (ASC 842)	—	—	—	1,113	—	—	1,113
Other comprehensive loss, net of tax	—	—	—	—	(10,974)	—	(10,974)
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

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

(1) Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of CIRCOR International, Inc. ("CIRCOR", the "Company", "us", "we" or "our") have been prepared according to the rules and regulations of the United States ("U.S.") Securities and Exchange Commission ("SEC") for interim reporting, along with accounting principles generally accepted in the U.S. ("GAAP"). In the opinion of management, the unaudited, condensed consolidated financial statements reflect all adjustments (consisting only of normal and recurring items) necessary for a fair statement of the Company's results of operations, financial position and cash flows 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 condensed consolidated balance sheet as of December 31, 2019 was derived from our audited consolidated financial statements as of that date but does not contain all of the footnote disclosures from the annual financial statements. 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, 2019.

We operate and report financial information using a fiscal year ending December 31. The data periods contained within our Quarterly Reports on Form 10-Q reflect the results of operations for the 13-week, 26-week and 39-week periods which generally end on the Sunday nearest the calendar quarter-end date. Operating results for the three months ended March 29, 2020 are not necessarily indicative of the results that may be expected for the year ending December 31, 2020 or any future quarter.

We have reclassified certain prior year amounts, including the results of discontinued operations and reportable segment information, to conform to the current year presentation. 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).

COVID-19

In March 2020, the World Health Organization declared the outbreak of COVID-19, which continues to spread throughout the U.S. and the world, as a pandemic. The outbreak is having an impact on the global economy, resulting in rapidly changing market and economic conditions. As of March 29, 2020 and through the date of this filing, the Company experienced a significant decline in its market capitalization below its consolidated book value. As a result, management concluded that there was a goodwill and an intangible asset impairment triggering event for the Company in the first quarter of 2020. Through its impairment analysis, the Company determined that goodwill in its Industrial segment was impaired and recognized a \$116.2 million impairment. See Note 7, Goodwill and Intangible Assets, for additional information on the goodwill impairment.

The Company expects the effects of the COVID-19 pandemic to continue to negatively impact its results of operations, cash flows and financial position. The Company's condensed consolidated financial statements presented herein reflect management's estimates and assumptions regarding the effects of COVID-19 as of the date of the condensed consolidated financial statements.

(2) Summary of Significant Accounting Policies

The significant accounting policies used in preparation of these condensed consolidated financial statements for the three months ended March 29, 2020 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, 2019, except as updated below with respect to newly adopted accounting standards.

The preparation of these financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying disclosures.

Some of the more significant estimates, which are impacted by management's estimates and assumptions regarding the effects of COVID-19, relate to recoverability of goodwill and indefinite-lived trade names, estimated total costs for ongoing long-term contracts accounted for as performance obligations where transfer of control occurs over time, inventory valuation, share-based compensation, amortization and impairment of long-lived assets, income taxes, penalty accruals for late shipments, other asset valuations, and product warranties. While management believes that the estimates and assumptions used in the preparation of the financial statements are appropriate, actual future results as estimated in the current period could differ materially from those estimates.

New Accounting Standards

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments - Credit Losses (ASC 326): Measurement of Credit Losses on Financial Instruments*. The new guidance, referred to as the current expected credit loss ("CECL") model, requires the measurement of expected credit losses for financial assets (e.g., accounts receivable) held at the reporting date based on historical experience, current economic conditions, and reasonable and supportable forecasts which generally result in the more timely recognition of losses. The adoption of this new guidance on January 1, 2020 did not have a material impact on our condensed consolidated financial statements.

(3) Discontinued Operations and Assets Held for Sale

Discontinued Operations

During the quarter ended September 29, 2019, the Company completed the disposition of its long-cycle upstream oil & gas Engineered Valves ("EV") business and received approval from its Board of Directors to dispose of the Company's Distributed Valves ("DV") business in a transaction or transfer to a third-party purchaser or purchasers. The Company is actively marketing the DV business for sale and anticipates completing the disposition within the twelve month window from when the business was first classified as held for sale. The business continued to meet the criteria to be classified as held for sale as of March 29, 2020. These actions were consistent with the Company's strategic shift away from upstream oil and gas to focus on more attractive end markets. The EV and DV businesses meet the criteria of discontinued operations and are presented as such in the condensed consolidated financial statements for all periods presented.

The following table presents the summarized components of loss from discontinued operations for the DV business for the three months ended March 29, 2020 and March 31, 2019, and for the EV business for the three months ended March 31, 2019 (in thousands):

	Three Months Ended	
	March 29, 2020	March 31, 2019
Net revenues	\$ 6,237	\$ 31,540
Cost of revenues	11,358	32,085
Gross loss	(5,121)	(545)
Selling, general and administrative expenses	3,139	5,466
Special and restructuring (recoveries) charges, net	(1,328)	26
Operating loss	(6,932)	(6,037)
Other (income) expense:		
Interest (income) expense, net	(7)	86
Other expense, net	5,410	235
Total other expense, net	5,403	321
Loss from discontinued operations, pre tax	(12,335)	(6,358)
Benefit from income tax	(21,497)	(630)
Income (loss) from discontinued operations, net of tax	\$ 9,162	\$ (5,728)

Assets Held for Sale

During the quarter ended March 29, 2020, the Company completed the sale of its non-core Instrumentation and Sampling ("I&S") business. See Note 5, Special and Restructuring Recoveries, net for additional information on this divestiture. As of December 31, 2019, the I&S business is reported as "held for sale" within the current assets and current liabilities section of our condensed consolidated balance sheet.

The following table presents the balance sheet information for assets and liabilities held for sale as of March 29, 2020 and December 31, 2019 by business (in thousands):

	March 29, 2020		December 31, 2019			
		DV	DV	I&S	Total	
Trade accounts receivable, net	\$	1,434	\$	467	\$ 9,935	\$ 10,402
Inventories		46,353		55,521	13,878	69,399
Prepaid expenses and other current assets		2,382		2,867	616	3,483
Property, plant, and equipment, net		5,824		6,742	6,409	13,151
Goodwill		—		—	91,492	91,492
Deferred tax asset		606		778	1,089	1,867
Other assets		6,980		4,793	6,363	11,156
Valuation adjustment on classification to assets held for sale		(36,962)		(39,757)	—	(39,757)
Total assets held for sale	\$	26,617	\$	31,411	\$ 129,782	\$ 161,193
Accounts payable	\$	8,314	\$	8,708	\$ 5,997	\$ 14,705
Accrued and other current liabilities		5,095		5,834	2,192	8,026
Deferred income taxes		228		638	151	789
Other liabilities		12,980		13,931	5,838	19,769
Total liabilities held for sale	\$	26,617	\$	29,111	\$ 14,178	\$ 43,289

(4) 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 aerospace, defense and industrial markets. Our contracts within the defense markets are primarily with U.S. military customers. These contracts typically are subject to the Federal Acquisition Regulations (FAR). We account for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. Contracts may be modified to account for changes in contract specifications and requirements. Contract modifications exist when the modification either creates new, or changes the existing, enforceable rights and obligations. Contract modifications for goods or services that are not distinct from the existing contract are accounted for as if they were part of that existing contract.

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

As of March 29, 2020, we had \$421.2 million of revenue related to remaining unfulfilled performance obligations. We expect to recognize approximately 74.0% of our remaining performance obligations as revenue during the remainder of 2020, 19.0% in 2021, and the remaining 7.0% thereafter.

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

The impact of adjustments in contract estimates on our operating earnings can be reflected in either operating expenses or revenue. There have been no significant changes in estimates in the three months ended March 29, 2020.

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

	Three Months Ended	
	March 29, 2020	March 31, 2019
Aerospace & Defense Segment		
Commercial Aerospace & Other	\$ 26,320	\$ 28,706
Defense	39,173	32,534
Total	65,493	61,240
Industrial Segment		
Valves	54,190	92,303
Pumps	72,530	85,312
Total	126,720	177,615
Net Revenue	\$ 192,213	\$ 238,855

	Three Months Ended	
	March 29, 2020	March 31, 2019
Aerospace & Defense Segment		
EMEA	\$ 14,806	\$ 17,732
North America	45,988	37,393
Other	4,699	6,115
Total	65,493	61,240
Industrial Segment		
EMEA	57,006	75,743
North America	43,922	73,847
Other	25,792	28,025
Total	126,720	177,615
Net Revenue	\$ 192,213	\$ 238,855

Contract Balances. The following table presents contract assets and contract liabilities balances as of March 29, 2020 and December 31, 2019 as follows (in thousands):

	March 29, 2020	December 31, 2019	Increase/(Decrease)
Trade accounts receivables, net	\$ 116,514	\$ 125,422	\$ (8,908)
Contract assets (1)	63,826	52,781	11,045
Contract liabilities (2)	39,850	35,007	4,843

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

(2) Recorded within accrued expenses and other current liabilities.

Trade accounts receivable, net decreased by \$8.9 million as of March 29, 2020, primarily due to the timing of cash collections during the three months ended March 29, 2020.

Contract assets increased by \$11.0 million, or 20.9%, to \$63.8 million primarily driven by unbilled revenue recognized during the three months ended March 29, 2020 within our Defense business (+11%) and Refinery Valves business (+7%).

Contract liabilities increased by \$4.8 million, or 13.8%, to \$39.8 million as of March 29, 2020, primarily driven by timing of revenue recognized over time during the three months ended March 29, 2020. The increase was driven by our Defense business (+11%) and our EMEA Pumps business (+3%).

(5) Special and Restructuring Recoveries, net

Special and restructuring recoveries, net

Special and restructuring recoveries, net consist of restructuring costs (including costs to exit a product line or program) as well as certain special charges such as significant litigation settlements and other transactions (charges or recoveries) that are described below. All items described below are recorded in Special and restructuring recoveries, net on our condensed consolidated statements of (loss) income. 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 summarizes the amounts recorded within the special and restructuring recoveries, net line item on the condensed consolidated statements of (loss) income for the three months ended March 29, 2020 and March 31, 2019 (in thousands):

	Special & restructuring (recoveries) charges, net	
	Three Months Ended	
	March 29, 2020	March 31, 2019
Special recoveries, net	\$ (45,175)	\$ (8,200)
Restructuring charges, net	2,883	358
Total special and restructuring recoveries, net	\$ (42,292)	\$ (7,842)

Special recoveries, net

The table below details the special recoveries, net recorded for the three months ended March 29, 2020 (in thousands):

	Special & restructuring (recoveries) charges, net			
	Three Months Ended			
	Aerospace & Defense	Industrial	Corporate	Total
I&S divestiture	\$ —	\$ (53,202)	\$ —	\$ (53,202)
Professional fees to review and respond to an unsolicited tender offer to acquire the Company	—	—	2,355	2,355
Amortization of debt issuance fee	—	—	3,541	3,541
Other special charges	—	101	2,030	2,131
Total special (recoveries) charges, net	\$ —	\$ (53,101)	\$ 7,926	\$ (45,175)

I&S divestiture: The Company recorded net special recoveries of \$(53.2) million for the three months ended March 29, 2020, attributed to the sale of our I&S business in January 2020. During the quarter ended March 29, 2020, we received net cash proceeds of \$169.8 million and recognized a gain on sale of \$54.6 million. The Industrial segment incurred \$1.4 million of operating expenses associated with the I&S business for the three months ended March 29, 2020, which are presented net within the I&S divestiture line.

Professional fees: The Company incurred special charges of \$2.4 million for the three months ended March 29, 2020, associated with the review and response to an unsolicited tender offer to acquire the Company and related corporate governance actions.

Amortization of debt issuance fee: The Company incurred special charges of \$3.5 million for the three months ended March 29, 2020 comprised of \$3.2 million related to accelerated amortization of capitalized debt issuance costs, and \$0.3 million related to the significant debt pay down from the sale of the I&S business. See Note 9, Financing Arrangements, for additional information on our debt repricing.

Other special charges: The Company incurred special charges of \$2.1 million for the three months ended March 29, 2020, associated with professional fees for projects to streamline operations and reduce costs (\$1.2 million), costs of a cyber incident (\$0.7 million) and charges related to previous business sales (\$0.2 million).

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

	Special (recoveries) charges, net			
	For the three months ended March 29, 2019			
	Aerospace & Defense	Industrial	Corporate	Total
Reliability Services divestiture	\$ —	\$ (10,282)	\$ —	\$ (10,282)
Reliability Services 2019 operating expenses	—	1,450	—	1,450
Rosscor divestiture related charges	—	153	—	153
Trapped cost	—	—	479	479
Total special (recoveries) charges, net	\$ —	\$ (8,679)	\$ 479	\$ (8,200)

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

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

Rosscor divestiture: In November, 2018, the Company sold its Rosscor B.V. and SES International B.V. subsidiaries (the "Delden Business") for a nominal amount. The Delden Business was the Company's Netherlands-based fluid handling skids and systems business, primarily for the oil and gas end market. During the first quarter of 2019, the Company recorded a \$0.2 million charge related to the divestiture.

Trapped cost: With the separation of discontinued operations, there is an element of trapped cost from corporate allocations that have been reclassified to corporate.

Restructuring charges, net

The tables below outline the charges associated with restructuring actions recorded for the three months ended March 29, 2020 and March 31, 2019 (in thousands). 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 March 29, 2020			
	Aerospace & Defense	Industrial	Corporate	Total
Facility related expenses	\$ 10	\$ 1,632	\$ —	\$ 1,642
Employee related expenses, net	—	1,058	183	1,241
Total restructuring charges, net	\$ 10	\$ 2,690	\$ 183	\$ 2,883
Accrued restructuring charges as of December 31, 2019				\$ 5,199
Total quarter to date charges, net (shown above)				2,883
Charges paid / settled, net				(4,154)
Accrued restructuring charges as of March 29, 2020				<u>\$ 3,928</u>

We expect to make payment or settle the majority of the restructuring charges accrued as of March 29, 2020 during the second and third quarters of 2020.

	Restructuring charges, net			
	As of and for the three months ended March 31, 2019			
	Aerospace & Defense	Industrial	Corporate	Total
Facility related expenses	\$ 70	\$ —	\$ —	\$ 70
Employee related expenses	(2)	290	—	288
Total restructuring charges, net	\$ 68	\$ 290	\$ —	\$ 358
Accrued restructuring charges as of December 31, 2018				\$ 874
Total quarter to date charges, net (shown above)				358
Charges paid / settled, net				(571)
Accrued restructuring charges as of March 31, 2019				<u>\$ 661</u>

Restructuring Programs Summary

During the quarter ended March 29, 2020, we recorded \$2.8 million of restructuring charges, principally within our Industrial segment, to reduce expenses primarily through reductions in force and to close a sales location to consolidate operations.

During the quarter ended March 31, 2019, we recorded \$0.4 million of restructuring charges related to the program we initiated during 2018.

(6) Inventories

Inventories consisted of the following (in thousands):

	March 29, 2020	December 31, 2019
Raw materials	\$ 73,047	\$ 65,315
Work in process	51,548	53,891
Finished goods	22,580	18,103
Total inventories	<u>\$ 147,175</u>	<u>\$ 137,309</u>

(7) Goodwill and Intangibles, net

The following table shows goodwill by segment as of December 31, 2019 and March 29, 2020 (in thousands):

	Aerospace & Defense	Industrial	Total
Goodwill as of December 31, 2019	\$ 57,385	\$ 214,508	\$ 271,893
Impairment	—	(116,182)	(116,182)
Currency translation adjustments	(43)	(4,740)	(4,783)
Goodwill as of March 29, 2020	<u>\$ 57,342</u>	<u>\$ 93,586</u>	<u>\$ 150,928</u>

We perform an impairment assessment for goodwill at the reporting unit level on an annual basis as of the end of our October month end or more frequently if circumstances warrant. At March 29, 2020, the Company reorganized its reporting units (see Note 8, Segment Information) and had its stock price drop below book value, which the Company determined were triggering events requiring an assessment of its goodwill and indefinite-lived trade names. Our asset groups did not experience a triggering event, and our long-lived assets did not suffer a decline in utility requiring a reassessment of their useful lives. Through its assessment, management determined that its long-lived assets other than goodwill were not impaired.

For the assessment of goodwill as of March 29, 2020, we estimated the fair value of our two reporting units, Industrial and Aerospace & Defense, using an income approach based on the present value of future cash flows. We also utilized the implied market value method under the market approach to validate the fair value amount we obtained using a discounted cash flow model income approach which indicated a control premium. Management believes this approach was the best approximation of fair value of its reporting units in the current economic environment considering the uncertainty caused by the COVID-19 pandemic. The key assumptions utilized in our discounted cash flow model include our estimates of the rate of revenue growth, including the rate of growth used in terminal year value, the assumption of a control premium, and the discount rate based on a weighted average cost of capital. The relevant inputs, estimates and assumptions used in the implied market value method include our market capitalization as of March 29, 2020, and selection of a control premium.

Based on our impairment assessment as of March 29, 2020, we have concluded that our goodwill in the Industrial reporting unit has been impaired and, accordingly, have recorded a goodwill impairment charge of \$116.2 million.

The table below presents gross intangible assets and the related accumulated amortization as of March 29, 2020 (in thousands):

	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Patents	\$ 5,368	\$ (5,368)	\$ —
Customer relationships	293,607	(87,017)	206,590
Backlog	22,181	(20,497)	1,684
Acquired technology	132,786	(46,717)	86,069
Other	336	(336)	—
Total Amortized Assets	\$ 454,278	\$ (159,935)	\$ 294,343
Non-amortized intangibles (primarily trademarks and trade names)	\$ 74,176		\$ 74,176
Total Non-Amortized Intangibles	\$ 74,176		\$ 74,176
Net carrying value of intangible assets			\$ 368,519

The table below presents estimated remaining amortization expense for intangible assets recorded as of March 29, 2020 (in thousands):

	2020	2021	2022	2023	2024	After 2024
Estimated amortization expense	\$ 32,170	\$ 40,672	\$ 35,737	\$ 31,335	\$ 27,538	\$ 126,891

(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 serves as the basis for determining incentive compensation achievement.

During the quarter ended March 29, 2020, we divested our I&S business, which was previously part of the Energy segment. See Note 5, Special and Restructuring Recoveries, net for additional information on this divestiture. In light of this divestiture, effective March 29, 2020, we realigned our segments by eliminating the Energy segment and moving the remaining businesses into the Industrial segment. The new reporting segments are Industrial and Aerospace & Defense. The current and prior periods are reported under this new segment structure.

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

	Three Months Ended	
	March 29, 2020	March 31, 2019
Net revenues		
Aerospace & Defense	\$ 65,493	\$ 61,240
Industrial	126,720	177,615
Consolidated net revenues	\$ 192,213	\$ 238,855
Results from continuing operations before income taxes		
Aerospace & Defense - Segment Operating Income	\$ 12,494	\$ 9,374
Industrial - Segment Operating Income	5,169	22,581
Corporate expenses	(6,588)	(8,522)
Segment Operating Income	11,075	23,433
Impairment charge	116,182	—
Restructuring charges, net	2,883	358
Special recoveries, net	(45,175)	(8,200)
Special and restructuring recoveries, net	(42,292)	(7,842)
Restructuring related inventory charges	(602)	325
Acquisition amortization	10,218	12,077
Acquisition depreciation	974	1,123
Acquisition amortization and other costs, net	10,590	13,525
Consolidated operating (loss) income	(73,405)	17,750
Interest expense, net	9,011	13,094
Other income, net	(2,680)	(2,148)
(Loss) income from continuing operations before income taxes	\$ (79,736)	\$ 6,804

	Three Months Ended	
	March 29, 2020	March 31, 2019
Capital expenditures		
Aerospace & Defense	\$ 640	\$ 788
Industrial	2,225	1,676
Corporate	198	387
Consolidated capital expenditures	\$ 3,063	\$ 2,851

Depreciation and amortization		
Aerospace & Defense	\$ 3,093	\$ 2,673
Industrial	12,419	15,199
Corporate	125	164
Consolidated depreciation and amortization	\$ 15,637	\$ 18,036

	March 29, 2020	March 31, 2019
	Identifiable assets	
Aerospace & Defense	\$ 463,744	\$ 406,064
Industrial	1,650,963	2,288,645
Corporate	(805,630)	(975,375)
Consolidated identifiable assets	\$ 1,309,077	\$ 1,719,334

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 \$87.7 million and \$27.8 million as of March 29, 2020 and March 31, 2019, respectively.

(9) Financing Arrangements

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 aggregate fair value of the Company's interest rate swap and cross-currency swap as of March 29, 2020 are summarized in the table below (in thousands):

	Significant Other Observable Inputs
	Level 2
Derivative asset	\$ 3,768
Derivative liabilities	\$ 12,310

The carrying amounts of cash and cash equivalents, trade receivables and trade payables approximate fair value because of the short maturity of these financial instruments. Cash equivalents are carried at cost which approximates fair value at the balance sheet date and is a Level 1 financial instrument. As of March 29, 2020, the fair value of our gross debt (before netting debt issuance costs) was \$496.1 million, or \$131.8 million below our carrying cost of \$602.3 million, and is a Level 2 financial instrument.

Financial Instruments

As of March 29, 2020 and December 31, 2019, the Company had restricted cash balances of \$1.1 million and \$1.2 million, respectively. These balances are recorded within prepaid and other current assets on the condensed consolidated balance sheets, and are included within cash, cash equivalents and restricted cash in the condensed consolidated statements of cash flows.

The Company has a receivables purchasing agreement with a bank whereby the Company can sell selected account receivables and receive between 90% and 100% of the purchase price upfront, net of applicable discount fee, and the residual amount as the receivables are collected. During the quarter, the Company sold a total of \$14.5 million in receivables under the program, receiving \$13.6 million in cash. The outstanding purchase price component of \$0.8 million was recorded in prepaid expenses and other current assets on the condensed consolidated balance sheet at March 29, 2020.

The Company has a 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 International Swaps and Derivatives Association ("ISDA") Master Agreement with Deutsche Bank AG. The three-year cross-currency swap has a fixed notional value of \$100.0 million at an annual rate of 2.4% and a maturity date of July 12, 2022. At inception, the cross-currency swap was designated as a net investment hedge. This hedging agreement mitigates foreign currency exchange rate exposure and is not for speculative trading purposes. The net investment hedge was deemed effective as of quarter-end.

The Company has an interest rate swap pursuant to an ISDA Master Agreement with Citizens Bank, National Association. 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, contains customary representations, warranties and covenants.

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 \$6.0 million, accrued expenses and other current liabilities of \$6.3 million, and other current assets of \$3.8 million on our condensed consolidated balance sheet as of March 29, 2020. In addition, the Company recorded a long-term deferred tax asset of \$2.8 million as of the same date.

The amount of gain (loss) recognized in other comprehensive (loss) income ("OCI") and reclassified from accumulated other comprehensive (loss) income ("AOCI") to income are summarized below:

	Three Months Ended	
	March 29, 2020	
Amount of loss recognized in OCI	\$	(4,105)
Amount of loss reclassified from AOCI into income	\$	(1,093)

The realized loss of \$1.1 million was reclassified from other comprehensive loss to interest expense and was accrued on the swap during the three months ended March 29, 2020. Amounts expected to be reclassified from other comprehensive income into interest expense in the following 12 months is a loss of \$6.2 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 \$6.0 million for the three months ended March 29, 2020.

Debt

As of March 29, 2020, total debt was \$589.0 million compared to \$636.3 million as of December 31, 2019. Total debt is net of unamortized term loan debt issuance costs of \$13.3 million and \$17.6 million at March 29, 2020 and December 31, 2019, respectively. The Company made interest payments of \$8.8 million and \$12.4 million during the three months ended March 29, 2020, and March 31, 2019, respectively.

During the three months ended March 29, 2020, the Company paid down \$161.8 million on its term loan from proceeds received through the sale of the I&S business. On March 20, 2020, the Company drew down \$80.0 million on its line of credit due to concerns about possible disruptions to global capital markets stemming from COVID-19.

During the three months ended March 29, 2020 the Company amended its term loan to lower the interest rate associated with the applicable margin calculation. The new terms lower the interest rate on the Company's term loan from LIBOR plus an applicable margin of 3.5% to LIBOR plus an applicable margin of 3.25%, based on its existing corporate family rating from Moody's. The applicable margin reduces to LIBOR plus an applicable margin of 3.00%, with a corporate family rating from Moody's of B1 or better.

As part of the debt repricing, the Company's outstanding loan balance was reallocated amongst the lender group. The Company evaluated the changes in outstanding loan balance for each individual lender to determine the amount of capitalized debt issuance costs that required adjustment. Through this exercise, the Company amortized \$3.2 million of debt issuance costs, which were recorded as special charges.

(10) Guarantees and Indemnification Obligations

As permitted under Delaware law, we have agreements whereby we indemnify certain of our officers and directors for certain events or occurrences while the officer or director is, or was, serving at our request in such capacity. The term of the indemnification period is for the officer's or director's lifetime. The maximum potential amount of future payments we could be required to make under these indemnification agreements is unlimited. However, we have directors' and officers' liability

insurance policies that insure us with respect to certain events covered under the policies and should enable us to recover a portion of any future amounts paid under the indemnification agreements. We have no liabilities recorded from those agreements as of March 29, 2020.

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

The following table sets forth information related to our product warranty reserves for the three months ended March 29, 2020 (in thousands):

Balance beginning December 31, 2019	\$	1,642
Provisions		368
Claims settled		(682)
Currency translation adjustment		(29)
Balance ending March 29, 2020	\$	<u>1,299</u>

Warranty obligations were \$1.6 million as of December 31, 2019 and \$1.3 million as of March 29, 2020, reflecting a decrease in the reserve for the three months ended March 29, 2020, as new provisions were more than offset by net claims settled.

(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.

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. The Hoke subsidiary was divested in January 2020 through our sale of I&S. However, the Company has indemnified the buyer for asbestos-related claims that are made against Hoke. 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 \$35.5 million at March 29, 2020. We believe that the likelihood of demand for a significant payment relating to the outstanding instruments is remote. These instruments generally have expiration dates ranging from less than 1 month to 5 years from March 29, 2020.

The following table contains information related to standby letters of credit instruments outstanding as of March 29, 2020 (in thousands):

Term Remaining		Maximum Potential Future Payments
0–12 months	\$	20,747
Greater than 12 months		14,707
Total	\$	<u>35,454</u>

(12) Retirement Plans

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

	Three Months Ended	
	March 29, 2020	March 31, 2019
Pension Benefits - U.S. Plans		
Interest cost	\$ 1,398	\$ 1,967
Expected return on plan assets	(2,747)	(2,742)
Amortization	43	129
Net periodic benefit income	\$ (1,306)	\$ (646)
Pension Benefits - Non-U.S. Plans		
Service cost	\$ 692	\$ 695
Interest cost	339	555
Expected return on plan assets	(194)	(247)
Amortization	31	5
Net periodic benefit cost	\$ 868	\$ 1,008
Other Post-Retirement Benefits		
Interest cost	\$ 66	\$ 93
Net periodic benefit cost	\$ 66	\$ 93

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 expense (income), net in our condensed consolidated statements of (loss) income for the three months ended March 29, 2020 and March 31, 2019, respectively.

There were no employer contributions to the Company's U.S. and non-U.S. based pension plans during the three months ended March 29, 2020.

(13) Income Taxes

As of March 29, 2020 and December 31, 2019, we had \$0.9 million and \$0.6 million, respectively, of unrecognized tax benefits, of which \$0.8 million and \$0.6 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 2016 and is no longer subject to examination by the tax authorities in foreign and state jurisdictions prior to 2012, except for Germany which is under examination from 2006 to 2015. 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 U.S. and foreign deferred income tax assets, we maintained a valuation allowance of \$14.3 million at March 29, 2020 and \$14.3 million at December 31, 2019. 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.

On March 27, 2020, the United States enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act as a result of the Coronavirus pandemic, which contains among other things, numerous income tax provisions. Some of these tax provisions are expected to be effective retroactively for years ending before the date of enactment. The company has evaluated the current legislation and at this time, does not anticipate the CARES Act to have a material impact on its financial statements.

During the three months ended March 29, 2020 and March 31, 2019, the Company paid income taxes of \$1.5 million and \$2.1 million, respectively.

(14) Share-Based Compensation

As of March 29, 2020, the Company had 689,418 stock options and 826,349 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 Company's board of directors 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 the 2019 Plan, there were 413,507 shares available for grant as of March 29, 2020.

During the three months ended March 29, 2020, there were no stock options granted compared with 153,726 stock options granted during the three months ended March 31, 2019.

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

	March 31, 2019
Risk-free interest rate	2.6%
Expected life (years)	4.4
Expected stock volatility	38.1%
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, 2019.

During the three months ended March 29, 2020 and March 31, 2019, we granted 552,010 and 154,903 RSU Awards with approximate fair values of \$12.70 and \$33.07 per RSU Award, respectively. During the first three months of 2020 and 2019, we granted performance-based RSU Awards as part of the overall mix of RSU Awards. Of the 552,010 RSU Awards granted during the three months ended March 29, 2020, 109,278 are performance-based RSU Awards. This compares to 26,475 performance-based RSU Awards granted during the three months ended March 31, 2019. In 2020, these performance-based RSU Awards include metrics for achieving Adjusted Operating Margin and Adjusted Measurement Cash Flow with target payouts ranging from 0% to 200%. In 2019, the performance-based RSU Awards include metrics for achieving Adjusted Operating Margin and Adjusted Free Cash Flow with the same target payout ranges. Of the different performance-based RSU tranches, the Company anticipates approximately 95% overall achievement and probability to vest.

There were no RSU MSPs granted during the three months ended March 29, 2020. RSU MSPs totaling 56,379 with per unit discount amounts representing a fair value of \$11.10 per share were granted during the three months ended March 31, 2019.

Compensation expense related to our share-based plans for the three months ended March 29, 2020 and March 31, 2019 was \$0.7 million and \$1.4 million, respectively. The decrease in costs in the current period is primarily related to a delay in our annual grant as well as reduced achievement on certain performance-based awards. Compensation expense for the three months ended March 29, 2020 was recorded as follows: \$0.6 million in selling, general and administrative expenses and \$0.1 million in special charges related to the sale of our Instrumentation and Sampling business. The special charge amount related to the accelerated vesting of awards as a result of the transaction. Compensation expense for the three months ended March 31, 2019 was recorded in selling, general and administrative expenses. As of March 29, 2020, there were \$13.0 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 2.0 years.

The weighted average contractual term for stock options outstanding and options exercisable as of March 29, 2020 was 3.9 years and 3.5 years, respectively. The aggregate intrinsic values of stock options exercised, outstanding, and exercisable during the three months ended March 29, 2020 were insignificant.

The aggregate intrinsic value of RSU Awards settled during the three months ended March 29, 2020 was \$1.1 million and the aggregate intrinsic value of RSU Awards outstanding and RSU Awards vested and deferred as of March 29, 2020 was \$9.0 million and \$0.0 million, respectively.

The aggregate intrinsic value of RSU MSPs settled during the three months ended March 29, 2020 was insignificant. The aggregate intrinsic value of RSU MSPs outstanding and RSU MSPs vested and deferred as of March 29, 2020 was insignificant.

International participants are issued Cash Settled Stock Unit Awards. As of March 29, 2020, there were 53,513 Cash Settled Stock Unit Awards outstanding compared to 45,681 as of December 31, 2019. During the three months ended March 29, 2020, the aggregate cash used to settle Cash Settled Stock Unit Awards was \$0.7 million. As of March 29, 2020, we had \$0.1 million of accrued expenses in other non-current liabilities associated with these Cash Settled Stock Unit Awards compared with \$0.9 million as of December 31, 2019. Cash Settled Stock Unit Award related compensation costs for the three months ended March 29, 2020 and March 31, 2019 were \$(0.1) million and \$0.4 million, respectively. The decrease in cost is due primarily to the much lower stock price as of March 29, 2020. For the three months ended March 29, 2020, \$(0.2) million was recorded as selling, general, and administrative expenses and \$0.1 million was recorded as special charges related to the sale of our Instrumentation and Sampling business. The special charge amount related to the accelerated vesting of awards as a result of the transaction. For the three months ended March 31, 2019, compensation costs for Cash Settled Stock Unit Awards were recorded entirely in selling, general, and administrative expense.

(15) Accumulated Other Comprehensive Loss

The following table summarizes the changes in accumulated other comprehensive loss, net of tax, which is reported as a component of shareholders' equity, for the three months ended March 29, 2020 (in thousands):

	Foreign Currency Translation Adjustments	Pension, net	Derivative	Total
Balance as of December 31, 2019	\$ (53,848)	\$ (19,513)	\$ (6,906)	\$ (80,267)
Other comprehensive loss	(20,325)	39	(2,320)	(22,606)
Balance as of March 29, 2020	\$ (74,173)	\$ (19,474)	\$ (9,226)	\$ (102,873)

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

Stock options, RSU Awards, and RSU MSPs covering 417,932 and 901,098 shares of common stock for the three months ended March 29, 2020 and March 31, 2019, respectively, were not included in the computation of diluted EPS because their effect would be anti-dilutive.

(17) Subsequent Events

On May 18, 2020, the Company entered into Amendment No. 4 to the Credit Agreement (the "Fourth Amendment"), which amends the Credit Agreement, dated as of December 11, 2017, among the Company, certain domestic subsidiaries of the Company, as guarantors, the lenders from time to time party thereto, Deutsche Bank AG New York Branch, as term loan administrative agent and collateral agent, and Truist Bank (formerly known as SunTrust Bank), as revolver administrative agent, swing line lender and a letter of credit issuer (as amended by Amendment No. 1 to the Credit Agreement dated as of January 23, 2018, by Amendment No. 2 to the Credit Agreement dated as of February 19, 2020, and by Amendment No. 3 to the Credit Agreement dated as of February 26, 2020, the "Original Credit Agreement" and as amended by the Fourth Amendment, the "Credit Agreement").

The Fourth Amendment makes certain changes to the Original Credit Agreement, including, among other things, (i) changing the frequency of the immaterial subsidiary testing date from annually to quarterly and (ii) extending the deadline by which the financial statements must be reported (A) with respect to annual reporting, from 90 days after the close of each fiscal year to 100 days after the close of each fiscal year and (B) with respect to quarterly reporting, from 50 days after the close of each fiscal quarter to 60 days after the close of each fiscal quarter, in each case subject to extension to the date that is 2 business days after the last day of any extension or deferral period permitted by the SEC with respect to any such report. In connection with

the execution of the Fourth Amendment, the Company paid customary arranger and lender consent fees and fees and expenses of Deutsche Bank AG New York Branch, in its capacity as term loan administrative agent, and Truist Bank (formerly known as SunTrust Bank), in its capacity as revolver administrative agent.

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, although not all forward-looking statements are accompanied by such words. 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 expected and potential direct or indirect impacts of the COVID-19 pandemic on our business, 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: the duration and severity of the COVID-19 pandemic and its impact on the global economy; changes in the price of and demand for oil and gas in both domestic and international markets; our ability to successfully integrate acquired businesses and dispose of businesses that are held for sale as contemplated; 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 divestiture; 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 COVID-19, natural disasters, terrorist attacks, current Middle Eastern conflicts and other similar matters. **We advise you to read further about these and other risk factors set forth in Part II, Item 1A of this Report and Part I, Item IA, "Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2019, 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

CIRCOR is one of the world's leading providers of flow control products and services for the Industrial and Aerospace & Defense markets, and has a product portfolio of recognized, market-leading brands serving its customer's most demanding applications.

Effective March 29, 2020, the Company changed its segment reporting for financial statement purposes to align with the manner in which the business is now managed. We now organize our reporting structure into two segments: Aerospace & Defense and Industrial. Both the current and the prior periods are reported under these two segments.

COVID-19

In March 2020, the World Health Organization declared the outbreak of COVID-19, which continues to spread throughout the U.S. and the world, as a pandemic. The outbreak is having an impact on the global economy, resulting in rapidly changing market and economic conditions.

In this time of unprecedented uncertainty resulting from the COVID-19 pandemic, the Company's top priority remains the health and safety of our employees, customers and suppliers. Because of the end markets we serve, the majority of our facilities are deemed 'essential operations' in the countries in which we operate, and as a result, 23 out of 25 production and service/assembly facilities are in operation. Over the last several weeks, we have implemented significant measures in an effort to ensure our factory employees around the world have the necessary protection and our business continues to operate with as little disruption as possible.

The Company has assembled a cross-functional Pandemic Response and Preparedness Team at the corporate level and has dedicated response teams across its business lines and sites that meet daily to address the challenges the virus poses to employee health and safety, as well as business continuity.

Due to the end markets it serves, the Company has been deemed an essential business by the U.S. Government and all of its plants, except for those located in India, were currently open and operational as of May 31, 2020. To that end, since the beginning of the crisis, the Company has taken a number of steps designed to protect the health and safety of all employees who work at its facilities, including:

- Additional cleaning and disinfecting procedures at all facilities;
- Daily temperature checks and masks for employees;
- Adherence to strict social distancing guidelines;
- Mandatory work from home policy where possible; and
- Cancellation of all non-essential travel.

Since the beginning of the COVID-19 crisis, the Company has taken prudent action to ensure it maintains its financial flexibility, including the cessation of all non-critical business expenses, employee furloughs, and pay cuts for senior leadership.

CIRCOR teams across the globe came together to support the global fight against the pandemic. The Company retrofitted one of its factories to produce a key product for a major ventilator manufacturer, day, and its engineering team was able to adapt one of its products for the ventilator application in less than 10 days.

Additionally, the Company has been producing pump parts for the US Navy Hospital Ships USNS Comfort and Mercy that had been dispatched to NYC and Los Angeles to support the COVID-19 response. The CIRCOR team has tackled these critical needs with the utmost urgency, producing components in record time to help keep the U.S. Navy ships up and running for their critical missions.

The Company is also working with a large medical device customer to find ways for the Company's products to support the development of COVID-19 antibodies from recovered patients. And, a number of the Company's locations around the world have donated masks, sanitizer, and other safety equipment to local hospitals.

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.

As of March 29, 2020 and through the date of this filing, the Company experienced a significant decline in its market capitalization below its consolidated book value precipitated by economic uncertainty from the COVID-19 pandemic. As a result, management concluded that there was a goodwill and an intangible asset impairment triggering event for the Company in the first quarter of 2020. Through its impairment analysis, the Company determined that goodwill in its Industrial segment was impaired and recognized a \$116.2 million impairment. See Note 7, Goodwill and Intangible Assets, of the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for additional information on the goodwill impairment.

The Company expects the effects of the COVID-19 pandemic to continue to negatively impact its results of operations, cash flows and financial position. The Company's condensed consolidated financial statements presented herein reflect management's estimates and assumptions regarding the effects of COVID-19 as of the date of the condensed consolidated financial statements.

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.

The preparation of these financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying disclosures. Some of the more significant estimates, which are impacted by management's estimates and assumptions regarding the effects of COVID-19, relate to estimated total costs for ongoing long-term contracts accounted for as performance obligations where transfer of control occurs over time, inventory valuation, share-based compensation, amortization and impairment of long-lived assets, income taxes, penalty accruals for late shipments, asset valuations, and product warranties. While management believes that the estimates and assumptions used in the preparation of the financial statements are appropriate, actual results could differ materially from those estimates.

Results of Operations

First Quarter 2020 Compared With First Quarter 2019

Consolidated Operations

(in thousands)	Three Months Ended		Total Change	Divestiture	Operations	Foreign Exchange
	March 29, 2020	March 31, 2019				
Net Revenues						
Aerospace & Defense	65,493	61,240	4,253	—	4,665	(412)
Industrial	\$ 126,720	\$ 177,615	\$ (50,895)	\$ (24,871)	\$ (23,465)	\$ (2,559)
Consolidated Net Revenues	192,213	238,855	(46,642)	(24,871)	(18,800)	(2,971)

Net revenues for the three months ended March 29, 2020 were \$192.2 million, a decrease of \$(46.6) million, or (-20%) as compared to the three months ended March 31, 2019, primarily driven by lower revenue as a result of divestitures (-10%), along with net operational decreases (-8%) and unfavorable foreign currency translation (-1%).

Segment Results

In accordance with accounting principles generally accepted in the U.S. ("GAAP"), a company's segment reporting should follow how the business is reviewed by its Chief Operating Decision Maker ("CODM"), which 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 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 serves as the basis for determining incentive compensation achievement.

The following table presents certain reportable segment information:

(in thousands, except percentages)

	Three Months Ended	
	March 29, 2020	March 31, 2019
Net revenues		
Aerospace & Defense	\$ 65,493	\$ 61,240
Industrial	126,720	177,615
Consolidated net revenues	\$ 192,213	\$ 238,855
Loss from continuing operations before income taxes		
Aerospace & Defense - Segment Operating Income	\$ 12,494	\$ 9,374
Industrial - Segment Operating Income	5,169	22,581
Corporate expenses	(6,588)	(8,522)
Segment operating income	11,075	23,433
Goodwill impairment	116,182	—
Restructuring charges, net	2,883	358
Special recoveries, net	(45,175)	(8,200)
Special and restructuring recoveries, net (1)	(42,292)	(7,842)
Cost of sales related to divestitures	(602)	325
Acquisition amortization (2)	10,218	12,077
Acquisition depreciation (2)	974	1,123
Acquisition amortization and other costs, net	10,590	13,525
Consolidated operating (loss) income	(73,405)	17,750
Interest expense, net	9,011	13,094
Other (income), net	(2,680)	(2,148)
(Loss) income from continuing operations before income taxes	\$ (79,736)	\$ 6,804
Consolidated operating margin	22.0%	2.8%

(1) See Special and Restructuring Recoveries, 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.

Aerospace & Defense Segment

(in thousands, except percentages)	Three Months Ended		
	March 29, 2020	March 31, 2019	Change
Net Revenues	\$ 65,493	\$ 61,240	\$ 4,253
Segment Operating Income	12,494	9,374	3,120
Segment Operating Margin	19.1%	15.3%	
Segment Orders	72,031	88,107	(16,076)

Aerospace & Defense segment net revenues increased by \$4.3 million, or (+7%), to \$65.5 million for the three months ended March 29, 2020 as compared to the three months ended March 31, 2019. The increase was primarily driven by organic increases in our defense-related business (+14%), partially offset by declines across commercial platforms (-6%) and unfavorable foreign currency fluctuations (-1%).

Aerospace & Defense segment orders decreased \$(16.1) million, or (-18%), for the three months ended March 29, 2020 as compared to the three months ended March 31, 2019. The decrease was driven primarily by timing of large multi-year defense orders received in the prior year.

Segment operating income increased to \$12.5 million, or (+33%), for the three months ended March 29, 2020 as compared to the three months ended March 31, 2019. The increase in operating income was driven primarily by volume, price and improved manufacturing productivity.

Segment operating margin increased from 15.3% in the three months ended March 31, 2019 to 19.1% for the three months ended March 29, 2020. The expanded operating margin reflects the impact of higher volumes and improved mix, manufacturing productivity and favorable price.

Industrial Segment

(in thousands, except percentages)	Three Months Ended		
	March 29, 2020	March 31, 2019	Change
Net Revenues as reported	\$ 126,720	\$ 177,615	\$ (50,895)
Net Revenues excluding divestiture (1)	121,820	147,829	(26,009)
Segment Operating Income as reported	5,169	22,581	(17,412)
Segment Operating Income excluding divestiture (2)	5,169	16,364	(11,195)
Segment Operating Margin	4.1%	12.7%	
Segment Operating Margin (adjusted)	4.2%	11.1%	
Segment Orders	136,443	171,143	(34,700)

(1) Adjusted for the January 2020 divestiture of the Instrumentation and Sampling ("I&S") business, the August 2019 divestiture of the Spence Engineering ("Spence") business and the divestiture of our Reliability Services business in January 2019. The I&S business generated revenues of \$4.9 million and \$21.3 million for the three months ended March 29, 2020 and March 31, 2019 respectively. The Spence business generated revenues of \$5.4 million for the three months ended March 31, 2019. The Reliability Services business generated revenues of \$3.1 million for the three months ended March 31, 2019.

(2) Adjusted for the January 2020 divestiture of the I&S business, August 2019 divestiture of the Spence business and the January 2019 divestiture of the Reliability Services business. The I&S business contributed \$0.0 million and \$4.6 million to segment operating income for the three months ended March 29, 2020 and March 31, 2019, respectively. The Spence business contributed \$1.6 million to segment operating income for the three months ended March 31, 2019.

Industrial segment net revenues decreased \$(50.9) million, or (-29%), to \$126.7 million, for the three months ended March 29, 2020 as compared to the three months ended March 31, 2019. Industrial segment net revenues, excluding divestiture, decreased \$(26.0) million, or (-18%), to \$121.8 million, for the three months ended March 29, 2020 as compared to the three months ended March 31, 2019. The decrease was primarily driven by the Refinery Valves business (-9%), Pumps business (-5%) and unfavorable foreign currency fluctuations (-1%).

Industrial segment orders decreased \$(34.7) million, or (-20%), for the three months ended March 29, 2020 as compared to the three months ended March 31, 2019, primarily driven by divestitures (-15%), lower orders in our Valves business (-4%) and unfavorable foreign currency fluctuations (-2%).

Segment operating income decreased \$(17.4) million, or (-77%), for the three months ended March 29, 2020 as compared to the three months ended March 31, 2019. Segment operating income, excluding divestiture, decreased \$(11.2) million, or (-68%), for the three months ended March 29, 2020 as compared to the three months ended March 31, 2019, primarily driven by the impact of establishing a full reserve for a large receivable balance (-37%), the Pumps business (-16%), the Refinery Valves business (-24%) and the Valves business (-5%), partially offset by the Pipeline business (+3%) and cost savings initiatives (9%).

Goodwill Impairment

Based on our impairment assessment as of March 29, 2020, we have concluded that our goodwill in the Industrial reporting unit has been impaired and, accordingly, have recorded a goodwill impairment charge of \$116.2 million. See Note 7, Goodwill and Intangible Assets, to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for additional information on the goodwill impairment.

Corporate Expenses

Corporate expenses decreased \$(1.9) million, or (-23%) for the three months ended March 29, 2020 as compared to the three months ended March 31, 2019 reflecting cost saving initiatives.

Special and Restructuring Recoveries, net

During the three months ended March 29, 2020 and March 31, 2019, the Company recorded net recoveries of \$(42.3) million and \$(7.8) million, respectively, within our condensed consolidated statements of (loss) income caption "Special and restructuring recoveries, net". These special and restructuring 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.

Costs of sales related to divestitures

During the three months ended March 29, 2020 and March 31, 2019, the Company recorded a cost of \$(0.6) million and a recovery of \$0.3 million, respectively, within our condensed consolidated statement of income (loss) caption "Cost of revenues". This adjustment includes the gross profit or loss for businesses that are divested in the quarter, as well as certain restructuring costs 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 a restructuring action.

Acquisition Amortization

During the three months ended March 29, 2020 and March 31, 2019, the Company recorded amortization expense of \$10.2 million and \$12.1 million, respectively, for intangibles acquired in acquisitions completed subsequent to December 31, 2011. These amortization expenses are recorded in either cost of revenues or selling, general, and administrative expenses depending upon the nature of the underlying asset.

Acquisition Step-up Depreciation

During the three months ended March 29, 2020 and March 31, 2019, the Company recorded depreciation expense of \$1.0 million and \$1.1 million, respectively, related to the step-up to fair value of the plant, property, and equipment related to the acquisition of the fluid handling business of Colfax Corporation.

Interest Expense, net

Interest expense, net decreased \$(4.1) million to \$9.0 million in the three months ended March 29, 2020 compared to the three months ended March 31, 2019. The change in interest expense was primarily due to significantly reduced debt balances and lower interest rates, partially offset by higher interest expense associated with our interest rate swap.

Other Income, net

During the three months ended March 29, 2020, we had other income, net of \$2.7 million, compared to other income, net of \$2.1 million for the three months ended March 31, 2019. The year-over-year change is driven by higher foreign exchange gains and 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 Loss

During the three months ended March 29, 2020, we had comprehensive loss of \$101.6 million, as compared to comprehensive loss of \$15.6 million for the three months ended March 31, 2019. 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 Income Taxes

The table below outlines the effective tax rate for the three months ended March 29, 2020 and March 31, 2019 (in thousands, except percentages).

	Three months ended	
	March 29, 2020	March 31, 2019
(Loss) income from continuing operations before income taxes	\$ (79,736)	\$ 6,804
U.S. tax rate	21.0 %	21.0 %
U.S. permanent difference	(8.3)%	0.9 %
Foreign-derived intangible income	(1.4)%	1.6 %
Global Intangible Low-Taxed Income impact	2.4 %	(0.7)%
Foreign Tax rate differential	14.9 %	(1.1)%
Dispositions	(5.2)%	39 %
Intercompany financing	(20)%	3.6 %
Other	(8.2)%	19.6 %
Impairment	(5.7)%	— %
Effective tax rate	(10.5)%	83.9 %
Provision for income taxes	\$ 8,375	\$ 5,709

The above changes in the various rate reconciling items for the three months ended March 29, 2020 compared to the three months ended March 31, 2019 are mainly due to dispositions and impairment charges which are not deductible for tax purposes.

On March 27, 2020, the U.S. government enacted the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) which includes modifications to the limitation on business interest expense and net operating loss provisions, and provides a payment delay of employer payroll taxes during 2020 after the date of enactment. The CARES Act is not expected to have a material impact on the Company’s consolidated financial statements.

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 and managing our capital structure on a short and long-term basis.

The following table summarizes our cash flow activities for the three month periods indicated (in thousands):

	March 29, 2020	March 31, 2019
Cash flow provided by (used in):		
Operating activities	\$ (23,947)	\$ (22,378)
Investing activities	167,028	79,632
Financing activities	(51,448)	(53,100)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(5,389)	957
Increase in cash, cash equivalents and restricted cash	<u>\$ 86,244</u>	<u>\$ 5,111</u>

During the three months ended March 29, 2020, cash used in operating activities was \$23.9 million compared to cash used in operating activities of \$22.4 million during the same period in 2019. The \$1.6 million increase in cash used was primarily driven by cash used in discontinued operations of \$5.3 million in the current period compared to cash provided by discontinued operations of \$6.7 million in the prior year. This \$12.0 million year over year negative impact on cash was partially offset by a \$10.5 million year over year positive impact from lower cash used in continuing operations.

During the three months ended March 29, 2020, we had \$167.0 million of cash provided by investing activities compared to cash of \$79.6 million provided by investing activities during the same period in 2019. The \$87.4 million year over year increase in cash generated was primarily driven by the sale of our Instrumentation and Sampling business which generated net proceeds of \$169.8 million in 2020, as compared to net proceeds of \$83.3 million in 2019 from the sale of the Reliability Services business.

During the three months ended March 29, 2020, we used \$51.4 million of cash in financing activities as compared to \$53.1 million of cash used in financing activities during the same period in 2019. The \$1.7 million year over year decrease in cash used in financing activities is from lower net proceeds from long-term borrowings in 2020. During the three months ended March 29, 2020, the Company paid down \$161.8 million on its term loan from proceeds received through the sale of the I&S business.

As of March 29, 2020, total debt was \$589.0 million compared to \$636.3 million as of December 31, 2019. Total debt is net of unamortized term loan debt issuance costs of \$13.3 million and \$17.6 million at March 29, 2020 and December 31, 2019, respectively. Total debt as a percentage of total shareholders' equity was 214% as of March 29, 2020 compared to 163% as of December 31, 2019. As of March 29, 2020, we had gross borrowings of \$602.3 million outstanding under the 2017 Credit Agreement and \$35.5 million outstanding on letters of credit, with available capacity to borrow an additional \$11.1 million under the revolving credit facility, subject to the terms and conditions of that facility.

Given the continued uncertainty surrounding COVID-19, on March 20, 2020, the Company executed an \$80.0 million drawdown of its available line of credit under the 2017 Credit Agreement/revolving credit facility. The Company took this action as a precautionary measure to increase the Company's cash position and help maintain financial flexibility. The proceeds from the drawdown are available to be used for working capital, general corporate or other purposes.

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. We entered into the 2017 Credit Agreement to fund acquisitions, to support our operational growth initiatives and working capital needs, and for general corporate purposes. On February 26, 2020, the Company amended its term loan to lower the interest rate associated with the applicable margin calculation from LIBOR plus an applicable margin of 3.5% to LIBOR plus an applicable margin of 3.25%.

The 2017 Credit Agreement contains covenants that require, among other items, maintenance of certain financial ratios and also limits our ability to: enter into secured and unsecured borrowing arrangements; issue dividends to shareholders; acquire and dispose of businesses; invest in capital equipment; transfer assets among domestic and international entities; participate in certain higher yielding long-term investment vehicles; and issue additional shares of our stock which limits our ability to borrow under the credit facility. The primary financial covenant is first lien net leverage, a ratio of total secured debt (less cash and cash equivalents) to total adjusted earnings before interest expense, taxes, depreciation, and amortization based on the 12 months ended at the testing period. We were in compliance with all financial covenants related to our existing debt obligations at March 29, 2020 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 2.4:1 as of March 29, 2020, which was flat to our ratio of 2.4:1 as of December 31, 2019.

As of March 29, 2020, cash, cash equivalents, and short-term investments totaled \$170.9 million. With the exception of the \$80.0 million drawdown described above, these cash and cash equivalent balances are substantially held in foreign bank accounts. This compares to \$84.5 million of cash, cash equivalents, and short-term investments as of December 31, 2019, 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. In addition, we may utilize our 2017 Credit Agreement for U.S.-based cash needs.

Based on our existing cash reserves, 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.

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 Financing Arrangements in Note 9, Financing Arrangements, of the condensed consolidated financial statements included in this Quarterly Report Form 10-Q.

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, Financing Arrangements, of the condensed consolidated financial statements included in this Quarterly Report Form 10-Q.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") (our principal executive officer and principal financial officer, respectively), has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our CEO and CFO concluded that, as of March 29, 2020, the Company's disclosure controls and procedures were not effective because of material weaknesses in our internal control over financial reporting as previously disclosed in Item 9A of Part II of our Annual Report on Form 10-K for the year ended December 31, 2019, and detailed as follows:

We did not maintain a sufficient complement of corporate personnel with appropriate levels of accounting and controls knowledge and experience commensurate with our financial reporting requirements to appropriately analyze, record and

disclose accounting matters completely and accurately. This material weakness contributed to the following additional material weaknesses detailed below:

- We did not design and maintain effective controls to analyze, account for and review non-routine transactions at the corporate level, including accounting for the financial statement effects of business dispositions, adverse purchase commitment liabilities, restricted cash balance sheet classification and other non-recurring transactions.
- We did not design and maintain effective controls over the preparation, review and approval of certain account reconciliations. Specifically, we did not maintain effective controls over the completeness and review of supporting schedules and accuracy of underlying data supporting account reconciliations prepared at the corporate level and certain of our shared service locations.

We have been actively addressing the identified material weaknesses. Actions have been taken to strengthen controls, and further actions are planned as follows:

- Hire additional full-time corporate accounting resources with appropriate levels of experience.
- Continue to allocate additional resources to the Corporate accounting function, which may include the use of independent consultants with sufficient expertise to assist in the preparation and review of certain non-recurring transactions and timely review of the account reconciliations.
- Continue training on a regular basis related to internal control over financial reporting for our finance and accounting personnel.

We anticipate that the actions described above and resulting improvements in controls will strengthen the Company's internal control over financial reporting and will address the related material weaknesses.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended March 29, 2020 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

Shareholders and potential investors should consider the following additional risk factor relating to COVID-19 in conjunction with the risk factors set forth under "Item 1A, Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2019. The developments described in the additional risk factor have heightened, or in some cases, manifested, certain of the risks disclosed in the risk factor section of our Form 10-K, and such risk factors are further qualified by the information relating to COVID-19 that is described in this Quarterly Report on Form 10-Q.

The impact of the COVID-19 pandemic on our global operations is creating significant uncertainty for our business and may have a material adverse effect on our financial condition and results of operations.

The pandemic, and the actions being taken by governments around the world in response to it, is creating significant uncertainty for our global operations, as well as for the operations of our distributors, suppliers, and customers, and may have a material adverse effect on our business, financial condition, cash flows and results of operations. We have experienced, and expect to continue to experience, adverse impacts from the pandemic including changes to our operations as we implement social distancing guidelines, remote working policies and other procedures in an effort to protect our employees, mandated government closures in India resulting in the temporary shutdown of two of our facilities, decreased demand for certain of our products and services and increased write-offs of outstanding trade receivables. The degree to which COVID-19 ultimately impacts us will depend on future developments that are highly uncertain and unpredictable, including, but not limited to, the

duration and spread of the pandemic, its severity, the actions to contain the pandemic or treat its impact, including the requirements imposed by the various jurisdictions in which we operate on the phased re-opening of businesses and how quickly and to what extent normal economic and operating conditions resume. Even after the pandemic has subsided as a public health matter, we may experience material adverse impacts to our business as a result of its adverse impact on the global economy.

As described in Note 7, Goodwill and Intangible Assets, to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q, based on our impairment assessment as of March 29, 2020, we have concluded that our goodwill in the Industrial reporting unit has been impaired and, accordingly, have recorded a goodwill impairment charge of \$116.2 million. Any prolonged material disruption of our employees, distributors, suppliers or customers can reasonably be expected to negatively impact our global sales and operating results and could negatively impact our market capitalization and lead to additional valuation allowances or impairments of our goodwill or intangible assets, which were \$150.9 million and \$368.5 million, respectively, as of March 29, 2020.

ITEM 6. EXHIBITS

Exhibit No.	Description and Location
2.1	Amended and Restated Securities Purchase Agreement, dated as of January 31, 2020, by and among CIRCOR Dovianus Holdings B.V., CIRCOR Aerospace, Inc., CIRCOR International Inc. and Crane Co., incorporated herein by reference to Exhibit 2.1 to the Company's Form 8-K, filed with the SEC on February 5, 2020.
10.1	Amendment No. 2 to the Credit Agreement, dated as of February 19, 2020, by and among CIRCOR International, Inc., the lenders party thereto, Deutsche Bank AG New York Branch, as term loan administrative agent and as collateral agent and Truist Bank (formerly known as SunTrust Bank), as revolver administrative agent, incorporated herein by reference to Exhibit 10.56 to the Company's Form 10-K, filed with the SEC on March 31, 2020.
10.2	Amendment No. 3 to the Credit Agreement, dated as of February 26, 2020, by and among CIRCOR International, Inc., certain domestic subsidiaries of the Company, as guarantors, the lenders party thereto, Deutsche Bank AG New York Branch, as term loan administrative agent and as collateral agent and Truist Bank (formerly known as SunTrust Bank), as revolver administrative agent, incorporated herein by reference to Exhibit 10.1 to the Company's Form 8-K, filed with the SEC on February 28, 2020.
10.3	Amendment No. 4 to the Credit Agreement, dated as of May 18, 2020, by and among CIRCOR International, Inc., certain domestic subsidiaries of the Company, as guarantors, the lenders party thereto, Deutsche Bank AG New York Branch, as term loan administrative agent and as collateral agent and Truist Bank (formerly known as SunTrust Bank), as revolver administrative agent, incorporated herein by reference to Exhibit 10.1 to the Company's Form 8-K, filed with the SEC on May 22, 2020.
10.4*	Offer Letter, dated March 28, 2020, between the Company and Abhishek Khandelwal.
10.5*	Severance agreement, dated March 30, 2020, between the Company and Abhishek Khandelwal.
10.6*	Executive Change of Control Agreement, dated March 30, 2020, between the Company and Abhishek Khandelwal.
10.7	Form of Inducement Restricted Stock Unit Agreement between CIRCOR International, Inc. and Abhishek Khandelwal, incorporated herein by reference to Exhibit 99.1 to the Company's Registration Statement on Form S-8, filed with the SEC on April 2, 2020.
10.8*	Form of Updated Performance-Based Restricted Stock Unit Agreement under the 2019 Stock Option and Incentive Plan.
10.9*	Form of 2020 Special One Year Restricted Stock Unit Agreement under the 2019 Stock Option and Incentive Plan.
10.10*	Form of Restricted Stock Unit Agreement for Employees under the 2019 Stock Option and Incentive Plan
10.11*	Form of Restricted Stock Unit Agreement for Directors under the 2019 Stock Option and Incentive Plan
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 March 29, 2020, as filed with the Securities and Exchange Commission on May 29, 2020, formatted in iXBRL (Inline eXtensible Business Reporting Language), as follows: <ul style="list-style-type: none"> (i) Condensed Consolidated Balance Sheets as of March 29, 2020 and December 31, 2019 (ii) Condensed Consolidated Statements of (Loss) Income for the Three Months Ended March 29, 2020 and March 31, 2019 (iii) Condensed Consolidated Statements of Comprehensive Loss for the Three Months Ended March 29, 2020 and March 31, 2019 (iv) Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 29, 2020 and March 31, 2019 (v) Condensed Consolidated Statements of Shareholders' Equity as of the Three Months Ended March 29, 2020 and March 31, 2019 (vi) Notes to Condensed Consolidated Financial Statements
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).
*	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.

June 1, 2020

/s/ Scott A. Buckhout

Scott A. Buckhout

President and Chief Executive Officer

Principal Executive Officer

June 1, 2020

/s/ Abhi Khandelwal

Abhi Khandelwal

Senior Vice President and Chief Financial Officer

Principal Financial Officer

June 1, 2020

/s/ Gregory C. Bowen

Gregory C. Bowen

Senior Vice President and Corporate Controller

Principal Accounting Officer



May 28, 2020
Abhi Khandelwal
5865 Teal Lane
Long Grove, Illinois 60047

Exhibit 10.4

Dear Abhi,

I am pleased to offer you the position of Chief Financial Officer for CIRCOR International. We have discussed the opportunities at CIRCOR and I am enthusiastic about the contributions I believe you will make to the Company's success. In this role, you will report directly to Scott Buckhout, President and CEO.

Your 'total rewards and compensation' for this position will include the following components:

- **Base salary:** USD 400,000 annually, as earned, which is paid on a bi-weekly basis (subject to all applicable federal, state, and local withholding).
- **Vacation:** You will be eligible for four (4) weeks of annual vacation, accrued on a per pay period basis beginning immediately, with accrued balance available for use in accordance with provisions of the prevailing policy.
- **Benefits:** You will be eligible to participate in the CIRCOR benefit plans (medical, dental, vision) effective as of your date of hire. Additional details about CIRCOR's benefits programs can be found in the enclosed Executive Benefits Guide. Please note for any benefits governed by formal plan documents and summary plan descriptions, the terms of those documents govern. To the extent that any information regarding benefits in this letter conflicts with the actual plan documents and summary plan descriptions, those documents control. The Company reserves the right to modify, amend, or terminate any benefit plan or its contributions to any benefit plan at any time.
- **Short Term Incentive (STI):** Beginning in 2020, you will be eligible to participate in the Company's Short-Term Incentive Plan ("STI Plan"). Your target bonus will be 60% of your annual base salary and will be pro-rated from your date of hire. More information about your specific STI Plan design will be provided to you separately.
- **Car Allowance:** You will be eligible to receive a car allowance of USD 12,000 per year which will be paid out bi-weekly to compensate for using your personal vehicle for business purposes (subject to all applicable federal, state and local withholding).
- **Sign-on Cash Bonus:** You will be eligible to receive a lump sum sign-on bonus of USD 150,000 to be paid in your first paycheck following 30 days of employment (subject to all applicable federal, state and local withholding). Should you voluntarily terminate from the Company prior to completion of one year of employment, you will be responsible to pay back all of this bonus upon your termination.
- **Sign-on Equity Grant:** Upon commencement of your employment, you would receive an LTI Award valued at USD 750,000 comprised of Time-Based Restricted Stock Unit Award ("RSUs"). The grant date will within 2 days of your start date. The RSUs will vest one-third per year over a three-year period.
- **Relocation Expenses:** You will be provided benefits to assist with your relocation. Specific policy guidelines and level of benefit are attached in the CIRCOR Homeowner A policy. Relocation assistance is contingent upon your acceptance of the Repayment Agreement.
- **Long Term Incentive (LTI):** Beginning in 2021, you will be eligible to participate in the Company's Long-Term Incentive Plan ("LTI Plan"). Your LTI target will be USD 360,000. Under the LTI Plan, the Compensation Committee typically makes annual equity awards in the first quarter. Your actual grant can vary based on individual performance. The total LTI award value has two components, a Time-Based Restricted Stock Unit Award ("RSUs"), and a Performance-based Restricted Stock Unit Award ("Performance RSUs"). The RSUs constitute 50% of the award and vest in equal amounts annually over a three-year vesting period. The Performance RSUs constitute 50% of the award and vest at the end of a three-year performance cycle. The number of Performance RSUs that vest is based on achieving yearly cumulative goals for specific pre-established levels of Company performance. The number of Performance RSUs that vest may range from 0% to 200% of the original shares granted depending on results relative to targets.
- **Management Stock Purchase Plan (MSPP):** You will be eligible to participate in the CIRCOR International, Inc. Management Stock Purchase Plan ("MSPP"). Within 30 days of your date of hire and annually going forward, you may pre-select to defer up to 100% of the amount of your actual annual STI bonus into the receipt of RSUs. The number of RSUs granted is calculated based on the amount of bonus deferred divided by that number which represents a discount of 33% from the fair market value of the Company's common stock on the date of the grant (typically at the conclusion of two days from the date on which the Company releases its previous year's financial results). These RSUs vest at the end of a three-year period from the date of grant provided you are still employed by the Company at that time. In addition, you can elect to defer the receipt of the actual shares of CIRCOR stock until a future date. Please complete the enclosed form within 30 days to advise whether or not you intend to pre-select to defer at this time and return to Human Resources.



- **Nonqualified Deferred Compensation (NQDC) Plan:** You will be eligible to participate in the CIRCOR Nonqualified Deferred Compensation (NQDC) Plan, a nonqualified plan under federal tax law and IRS regulations that allows you to save above and beyond the limits in place for the 401(k) plan.
- **Severance:** The Company will enter into a Severance Agreement with you under which, in the event that your employment is terminated without "cause" or you resign for "good reason" you will be entitled to a severance payment equal to one (1) times your base annual salary plus pro-rated short-term incentive bonus. The Severance Agreement would also provide for continued proportionate health and dental coverage contributions for a twelve (12) month period if you elect COBRA benefits.
- **Change of Control:** The Company will enter into a Change of Control agreement with you. A draft of this document is provided under separate cover.
- **Life Insurance, Accidental Death & Dismemberment (AD&D) and Long-Term Disability Benefits:** The Company provides you with life insurance and AD&D insurance equal to 2 times your annual base salary. The Company provides you with an enhanced long-term disability benefit, which provides 60% of your monthly pre-disability earnings, up to a maximum of USD15,000, less deductible sources of income.
- **Tax Assistance Benefit:** You will be eligible for the Tax Assistance Benefit, which will provide reimbursement for expenses incurred for financial planning and/or tax preparation. More information about this benefit is included in the Executive Benefits Guide.
- **Executive Physical Benefit:** You will be eligible for the Executive Physical Benefit, which will provide you with the opportunity to have an executive physical done at a nearby hospital. More information about this benefit is included in the Executive Benefits Guide.

This offer is contingent upon your ability to provide the proper documentation to establish your identity and eligibility for employment required under the Immigration Reform & Control Act of 1986, the satisfactory results of requisite background/reference checks, passing a drug screen, and acceptance of a proprietary information/non-solicit agreement. We recommend that you wait until the required checks and screenings listed have been completed and satisfactory results have been obtained, before you resign from your current employer. You will be required to sign the Code of Conduct and Business Ethics and the Invention and Trade Secret and the Insider Trading agreements. As an employee of CIRCOR, your employment will be on an "at will" basis. There is no expressed or implied contract for any specific or definite period of employment. You and the Company are free to terminate your employment for any or no reason, with or without cause or notice. Neither this offer letter nor any other written or verbal communications create a contract of employment or a promise of employment for any specific or definite duration. "At will" employment permits the Company to change the terms and conditions of employment at any time with or without cause or notice, including but not limited to termination, demotion, promotion, transfer, compensation, benefits, duties, and location of work. While supervisors and managers have certain hiring authority, no supervisor or manager of the Company except the Company's President and Chief Executive Officer has authority to alter the "at-will relationship" or to bind the Company to any employment contract for any specified period of time with any employee.

Abhi, I am looking forward to having you join our team. You will be an asset as we move forward in the continued growth of the organization. The start date for this position will be on a mutually agreed upon date no later than April 6, 2020. Please confirm your acceptance of this offer by signing and returning one copy each of this offer and the proprietary information/non-solicit agreement by scan and email to me and Andrew.Farnsworth@circor.com. This offer of employment is valid through Monday, March 10th 2020 unless other arrangements are made. Please do not hesitate to contact me if you have questions and/or points of clarification.

Very truly yours,

Andrew Farnsworth
CHRO



I accept your offer of employment based on the terms and conditions set forth above.

/s/ Abhi Khandelwal March 28, 2020
Abhi Khandelwal Date

This Severance Agreement (the "Agreement") is made and entered into as of March 30, 2020, by and between CIRCOR International, Inc. ("CIRCOR" or "Company") and Abhishek Khandewal (the "Executive").

WHEREAS, CIRCOR presently employs the Executive in which capacity the Executive serves as Chief Financial Officer and as an officer and/or director of other direct and indirect subsidiaries of the Company; and

WHEREAS, the Company desires to provide severance compensation to the Executive upon the occurrence of certain events; and

WHEREAS, in exchange for the severance compensation provided for under this Agreement, Executive agrees to certain non-competition and non-solicitation covenants as set forth herein,

NOW, THEREFORE, in consideration of the foregoing and the mutual promises of the parties herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Executive hereby covenant and agree with each other as follows:

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

(a) "Accrued Benefits" shall mean (i) all accrued but unpaid Base Salary through the Date of Termination of Executive's employment (including any accrued vacation) at the rate in effect at the time Notice of Termination is given, (ii) any unpaid or unreimbursed expenses incurred in accordance with Company policies, (iii) accrued but unused vacation days through the Date of Termination of Executive's employment determined as per the Company's vacation policy, and (iv) any amounts that are accrued and vested under any Company plan or policy as of the Date of Termination.

(b) “Base Salary” shall mean the Executive’s annual base salary.

(c) “Disability” shall mean, as a result of Executive’s incapacity due to physical or mental illness, Executive shall have been absent from his duties with the Company on a full-time basis for 180 calendar days in the aggregate in any twelve-month period.

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

(e) “Good Reason” shall mean that Executive has complied with the “Good Reason Process” (hereinafter defined) following the occurrence of any of the following events: (a) a material diminution or other material adverse change, not consented to by Executive, in the nature or scope of Executive’s responsibilities, authorities, powers, functions or duties; (b) an involuntary material reduction in Executive’s Base Salary except for across-the-board reductions similarly affecting all or substantially all management employees; (c) a material breach of this Agreement by the Company; or (d) a material change in the geographic location at which the Executive provides services to the Company.

“Good Reason Process” shall mean that (i) Executive reasonably determines in good faith that a “Good Reason” event has occurred; (ii) Executive notifies the Company in writing of the occurrence of the Good Reason event within 60 days of such occurrence; (iii) Executive reasonably cooperates in good faith with the Company’s efforts following such notice (the “Cure Period”), to promptly remedy the condition; (iv) notwithstanding such efforts, the Good Reason event continues to exist; and (v) the Executive terminates his employment within 60 days after the end of the Cure Period. If the Company cures the Good Reason event during the Cure Period, Good Reason shall be deemed not to have occurred.

(f) “Severance Benefits” shall mean the payments described in Section 2(c) of this Agreement.

2. Post Termination Payments.

(a) Termination by the Company For Cause. Death or Disability. Upon termination of the Executive’s employment by the Company for Cause, death, or Disability, the Company shall, through the Date of Termination (hereinafter defined), pay Executive the Accrued Benefits. Thereafter, the Company shall have no further obligations to Executive except as otherwise expressly provided under this Agreement or as required by law.

(b) Termination by the Executive other than for Good Reason. If Executive’s employment is terminated by the Executive other than for Good Reason, then the Company shall, through the Date of Termination, pay Executive the Accrued Benefits. Thereafter, the Company shall have no further obligations to Executive except as otherwise expressly provided under this Agreement.

(c) Termination by the Company Other Than for Cause. Death or Disability or by the Executive for Good Reason. If Executive’s employment is terminated (i) by the Company other than For Cause or Executive’s death or Disability or (ii) by the Executive for Good Reason, then the Company shall, through the Date of Termination, pay Executive the Accrued Benefits. Subject to Section 2(d) and Section 18 below, the Executive shall also receive the following Severance Benefits:

(i) a lump sum payment equal to the Executive's current Base Salary in effect during the fiscal year in which such termination occurs payable in a single lump sum payment as soon as administratively practicable (but not later than sixty (60) days) following such Date of Termination;

(ii) a lump sum payment equal to the product of (A) the amount of the annual short-term bonus that would have been payable to the Executive if the Executive was still employed as of December 31st of the then current fiscal year in respect of the fiscal year in which employment termination occurs based on actual performance as compared to performance goals, and (B) the ratio of (x) the number of days elapsed during the fiscal year during which such termination of employment occurs on or prior to the date of such termination to (y) 365, payable as of the same time as annual short-term bonuses are paid to other senior executives; and

(iii) subject to the Executive's election of COBRA rights, monthly payment of an amount equal to the employer's cost coverage in accordance with its contribution percentage toward medical and dental coverage for active employees immediately prior to the Date of Termination for twelve (12) months after such termination; provided, however, that the installment payments under this Section 2(c)(iii) shall cease on the first day of the month immediately following the month that the Executive no longer qualifies for continued COBRA coverage for any reason, including but not limited to the Executive's failure to pay the Executive's portion of the COBRA cost or the Executive becoming eligible for medical/dental insurance under another group health insurance plan (as defined by COBRA). Notwithstanding the foregoing, if the Company determines, in its sole discretion, that it cannot pay the foregoing installment payments without a substantial risk of violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company shall be entitled to amend this Section 2(c)(iii) in order to preserve the value of such installment payments to the Executive without additional cost to either party.

(d) Required Release. The payment of the Severance Benefits shall be conditioned upon the Executive's execution, delivery to the Company, and non-revocation of the release of claims, in a form reasonably acceptable to the Company (and the expiration of any revocation period contained in such release of claims) within sixty

(60) days following the date of Executive's termination of employment hereunder. If the Executive fails to execute the release of claims in such a timely manner so as to permit any revocation period to expire prior to the end of such sixty (60) day period, or timely revokes the Executive's execution of such release following its execution, the Executive shall not be entitled to any of the Severance Benefits. Further, to the extent that any of the Severance Benefits constitutes "nonqualified deferred compensation" for purposes of Section 409A of the Code, any payment of any amount or provision of any benefit otherwise scheduled to occur prior to the sixtieth (60th) day following termination of the Executive's employment hereunder, but for the condition on executing the release of claims as set forth herein, shall not be made until the first (1st) regularly scheduled payroll date following such sixtieth (60th) day, after which any remaining Severance Benefits shall thereafter be provided to Executive according to the applicable schedule set forth herein (and the first payment shall include any portion of the Severance Benefits, and any such other payments or benefits, that would have been paid during such sixty (60) day period).

(e) Termination Covered Under Executive Change of Control Agreement. If Executive's employment is terminated under circumstances that would afford Executive certain rights under the Executive Change of Control Agreement currently in effect between the Company and Executive (or any successor agreement), the provisions of the Executive Change of Control Agreement shall govern and this Agreement shall have no force and effect, it being intended that the Executive Change of Control Agreement shall govern the rights and obligations of the parties in the event of a termination covered under the Executive Change of Control Agreement and this Agreement shall govern the rights and obligations of the parties in the event of any other termination.

3. Notice of Termination. Any termination of Executive's employment by the Company or any such termination by Executive shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice that indicates the specific termination provision in this Agreement relied upon.

4. Date of Termination. The "Date of Termination" shall be the date on which Notice of Termination is provided by either party or such later date as may be specified in such Notice of Termination.

5. Withholding. All payments made to the Executive under this Agreement shall be net of any tax or other amounts required to be withheld by the Company under applicable law.

6. No Mitigation. The Company agrees that, if the Executive's employment by the Company is terminated during the term of this Agreement, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to any provision of this Agreement, including any payment under Section 2. Further, except as otherwise provided herein, the amount of any payment provided for in this Agreement shall not be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Executive to the Company or otherwise.

7. Non-Competition and Non-Solicitation Covenants; Confidentiality. In consideration of the benefits afforded the Executive under the terms provided in this Agreement, Executive agrees that

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

(b) during the term of Executive's employment with the Company and for a period of twelve (12) months thereafter, regardless of the reason for termination of

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

(c) in the course of Executive's employment with the Company (and, if applicable, its predecessors), Executive has been allowed to become, and will continue to be allowed to become, acquainted with the Company's business affairs, information, trade secrets, and other matters which are of a proprietary or confidential nature, including but not limited to the Company's and its affiliates' and predecessors' operations, business opportunities, price and cost information, finance, customer information, business plans, various sales techniques, manuals, letters, notebooks, procedures, reports, products, processes, services, and other confidential information and knowledge (collectively the "Confidential Information") concerning the Company's and its affiliates' and predecessors' business. The Company agrees to provide on an ongoing basis such Confidential Information as the Company deems necessary or desirable to aid Executive in the performance of his duties. Executive understands and acknowledges that such Confidential Information is confidential, and he agrees not to disclose such Confidential Information to anyone outside the Company except to the extent that (i) Executive deems such disclosure or use reasonably necessary or appropriate in connection with performing his duties on behalf of the Company, (ii) Executive is required by order of a court of competent jurisdiction (by subpoena or similar process) to disclose or discuss any Confidential Information, provided that in such case, Executive shall promptly inform the Company, as appropriate, of such event, shall cooperate with the Company, as appropriate, in attempting to obtain a protective order or to otherwise restrict such disclosure, and shall only disclose Confidential Information to the minimum extent necessary to comply with any such court order; (iii) such Confidential Information becomes generally known to and available for use in the Company's industry (the "Fluid-Control Industry"), other than as a result of any action or inaction by Executive; or (iv) such information has been rightfully received by a member of the Fluid-Control Industry or has been published in a form generally available to the Fluid-Control Industry prior to the date Executive proposes to disclose or use such information. Executive further agrees that he will not during employment and/or at any time thereafter use such Confidential Information in competing, directly or indirectly, with the Company. At such time as

Executive shall cease to be employed by the Company, he will immediately turn over to the Company, all Confidential Information, including papers, documents, writings, electronically stored information, other property, and all copies of them provided to or created by him during the course of his employment with the Company. The provisions of this Paragraph 7(c) shall survive termination of this Agreement for any reason.

Should Executive violate any of the provisions of paragraphs 7(a) or (b), then in addition to all other rights and remedies available to the Company at law or in equity, the duration of this covenant shall automatically be extended for the period of time from which Executive began such violation until he permanently ceases such violation, the Severance Benefits shall cease and the Company shall be entitled to recovery previously paid Severance Benefits.

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

If to the Executive:

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

If to the Company:

CIRCOR International, Inc.

30 Corporate Drive, Suite 200

Burlington, MA 01803

Attn: Senior Vice President-Human Resources

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

9. Successor to Company. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and agree to perform this Agreement to the same extent that the Company would be required to perform it if no succession had taken place. Failure of the Company to obtain an assumption of this Agreement at or prior to the effectiveness of any succession shall be a breach of this Agreement and shall constitute Good Reason if the Executive elects to terminate employment.

10. Amendment; Other Agreements. No provisions of this Agreement may be amended, modified, or discharged unless such amendment, modification, or discharge is agreed to in writing and signed by Executive and such officer of the Company as may be specifically designated by the Board. No agreements or representations, oral or otherwise, express or implied, unless specifically referred to herein, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement.

11. Governing Law. The validity, interpretation, construction, and performance of this Agreement shall be governed by the laws of the Commonwealth of Massachusetts (without regard to principles of conflicts of laws).

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

13. Arbitration; Other Disputes. In the event of any dispute or controversy arising under or in connection with this Agreement, the parties shall first promptly try in good faith to settle such dispute or controversy by mediation under the applicable rules of the American Arbitration Association before resorting to arbitration. In the event such dispute or controversy remains unresolved in whole or in part for a period of 30 days after it

arises, the parties will settle any remaining dispute or controversy exclusively by arbitration in Boston, Massachusetts, in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction. Notwithstanding the above, the Company shall be entitled to seek a restraining order or injunction in any court of competent jurisdiction to prevent any continuation of any violation of Section 7 of this Agreement. Furthermore, should a dispute occur concerning Executive's mental or physical capacity as described in Subparagraph 1(b) or 2(a), a doctor selected by Executive and a doctor selected by the Company shall be entitled to examine Executive. If the opinion of the Company's doctor and Executive's doctor conflict, the Company's doctor and Executive's doctor shall together agree upon a third doctor, whose opinion shall be binding.

14. Assignment. Neither the Company nor the Executive may make any assignment of this Agreement or any interest herein, by operation of law or otherwise, without the prior written consent of the other party, and without such consent any attempted transfer shall be null and void and of no effect. This Agreement shall inure to the benefit of and be binding upon the Company and the Executive, their respective successors, executors, administrators, heirs and permitted assigns. In the event of the Executive's death prior to the completion by the Company of all payments due him under this Agreement, the Company shall continue such payments to the Executive's beneficiary designated in writing to the Company prior to his death (or to his estate, if the Executive fails to make such designation).

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

compensation on an hourly basis (to be derived from the sum of his Base Salary) for requested litigation and regulatory cooperation that occurs after his termination of employment and reimburse Executive for all costs and expenses incurred in connection with his performance under this Paragraph 15, including, but not limited to, reasonable attorneys' fees and costs.

16. Enforceability. If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so-declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

17. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

18. Section 409A.

(a) It is intended that any compensation or benefits under this Agreement satisfy, to the greatest extent possible, the exemptions from the application of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A") provided under Treasury Regulations Sections 1.409A-1(b)(4), and 1.409A-1(b)(9), and this Agreement will be construed to the greatest extent possible as consistent with those provisions, and to the extent not so exempt, this Agreement (and any definitions hereunder) will be construed in a manner that complies with Section 409A. For purposes of Section 409A (including, without limitation, for purposes of Treasury Regulations Section 1.409A-2(b)(2)(iii)), the Executive's right to receive any installment payments under this Agreement (whether Severance Benefits or otherwise) shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment hereunder shall at all times be considered a separate and distinct payment. Severance Benefits shall not commence until the Executive has a "separation from service" (as

defined under Treasury Regulation Section 1.409A-1(h), without regard to any alternative definition thereunder, a “separation from service”).

(b) Notwithstanding any provision to the contrary in this Agreement, if the Executive is deemed by the Company at the time of termination to be a “specified employee” for purposes of Section 409A(a)(2)(B)(i), and if any of the payments set forth herein are deemed to be “deferred compensation,” then to the extent delayed commencement of any portion of such payments is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) and the related adverse taxation under Section 409A, such payments shall not be provided prior to the earliest of (i) the expiration of the six-month period measured from the Executive’s employment termination, (ii) the date of Executive’s death or (iii) such earlier date as permitted under Section 409A without the imposition of adverse taxation. Upon the first business day following the expiration of such period, all payments deferred pursuant to this paragraph shall be paid in a lump sum, and any remaining payments due shall be paid as otherwise provided herein. No interest shall be due on any amounts so deferred.

(c) To the extent that any right to reimbursement of expenses or payment of any benefit in-kind under this Agreement constitutes nonqualified deferred compensation (within the meaning of Section 409A of the Code), (i) any such expense reimbursement shall be made by the Company no later than the last day of the taxable year following the taxable year in which such expense was incurred by Executive, (ii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (iii) the amount of expenses eligible for reimbursement or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year; provided, that the foregoing clause shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect.

(d) The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(e) While the payments and benefits provided hereunder are intended to be structured in a manner to avoid the implication of any taxes or related liability under Section 409A of the Code, the Company makes no representation or warranty and shall have no liability to the Executive or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

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

CIRCOR INTERNATIONAL, INC.

/s/ Scott Buckhout

Scott Buckhout

President & CEO

/s/ Abhishek Khandelwal

Abhishek Khandelwal

CFO

EXECUTIVE CHANGE OF CONTROL AGREEMENT Exhibit 10.6

This EXECUTIVE CHANGE OF CONTROL AGREEMENT (“Agreement”) is made as of the 30th March 2020, between CIRCOR International, Inc., a Delaware corporation (the “Company”), and Abhishek Khandelwal (“Executive”).

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

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

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

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

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

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

“Change in Control” shall mean any of the following:

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

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

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

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

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

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

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

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

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

3. **Change in Control Payment.**

(a) The provisions of this Paragraph 3 set forth certain terms of an agreement reached between Executive and the Company regarding Executive's rights and obligations in connection with a Change in Control. These provisions are intended to assure and encourage in advance Executive's continued attention and dedication to his assigned duties and his objectivity during the pendency and after the occurrence of any such event.

(b) If within twelve (12) months after the occurrence of the first event constituting a Change in Control, Executive's employment is terminated by the Company without Cause or Executive terminates his employment for Good Reason (each, a "Qualifying Termination"), then the Company shall pay Executive a lump sum in cash in an amount equal to two (2) times the sum of (A) Executive's current Base Salary plus (B) Executive's current target annual incentive compensation under the Company's Executive Bonus Incentive Plan ("Target Bonus Opportunity"). Such lump sum cash payment shall be paid to Executive within thirty (30) days following the date of termination of Executive's employment.

(c) The vesting of the Executive's Equity Awards shall be governed by this Paragraph 3(c). The term "Equity Award" shall mean 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.

(i) The vesting of the Executive's Equity Awards that vest solely on the basis of continued employment with the Company or any of its subsidiaries or affiliates shall be accelerated solely by reason of a Change in Control only if the surviving corporation or acquiring corporation following a Change in Control refuses to assume or continue the Executive's Equity Awards or to substitute similar Equity Awards for those outstanding immediately prior to the Change in Control. If such Executive's Equity Awards are so continued, assumed or substituted and at any time after the Change in Control the Executive incurs a Qualifying Termination, then the vesting and exercisability of all such unvested Equity Awards held by the Executive shall be accelerated in full and any reacquisition rights held by the Company with respect to an Equity Award shall lapse in full, in each case, upon such termination.

(ii) The vesting of the Executive's Equity Awards that vest, in whole or in part, based upon achieving Performance Criteria (collectively, "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 Participant 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. § 1.409A-1(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 Participant 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:

- a. Such Replacement Award shall consist of securities listed for trading following such Change in Control on a national securities exchange;
- b. 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;
- c. Such Replacement Award shall become vested and the securities underlying the Replacement Award shall be issued to the Participant 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) Participant’s death or (iv) Participant’s medically diagnosed permanent physical or mental inability to perform his or her job duties;
- d. Notwithstanding clause c. above, such Replacement Award shall vest immediately prior to and the securities underlying the Replacement Award shall be issued to Participant upon (A) 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 (B) the securities constituting such Replacement Award ceasing to be listed on a national securities exchange, in each case so long as Participant remains continuously employed until such time; and
- e. 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.
- f. Upon such substitution the Performance Shares shall terminate and be of no further force and effect.

For purposes of this Paragraph 3(c)(ii)(C), “Performance Criteria” means any business criteria that apply to the Executive a business unit, division, subsidiary, affiliate, the Company or any combination of the foregoing.

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

(e) **Additional Limitation.**

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

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

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

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

(ii) The determination as to which of the alternative provisions of Paragraph 3(b)(i) shall apply to Executive shall be made by KPMG LLP or any other nationally

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

4. **Unauthorized Disclosures.** Executive acknowledges that in the course of his employment with the Company (and, if applicable, its predecessors), he has been allowed to become, and will continue to be allowed to become, acquainted with the Company’s and the Company’s business affairs, information, trade secrets, and other matters which are of a proprietary or confidential nature, including but not limited to the Company’s and its affiliates’ and predecessors’ operations, business opportunities, price and cost information, finance, customer information, business plans, various sales techniques, manuals, letters, notebooks, procedures, reports, products, processes, services, and other confidential information and knowledge (collectively the “Confidential Information”) concerning the Company’s and its affiliates’ and predecessors’ business. The Company agrees to provide on an ongoing basis such Confidential Information as the Company deems necessary or desirable to aid Executive in the performance of his duties. Executive understands and acknowledges that such Confidential Information is confidential, and he agrees not to disclose such Confidential Information to anyone outside the Company except to the extent that (i) Executive deems such disclosure or use reasonably necessary or appropriate in connection with performing his duties on behalf of the Company, (ii) Executive is required by order of a court of competent jurisdiction (by subpoena or similar process) to disclose or discuss any Confidential Information, provided that in such case, Executive shall promptly inform the Company of such event, shall cooperate with the Company, as appropriate, in attempting to obtain a protective order or to otherwise restrict such disclosure, and shall only disclose Confidential Information to the minimum extent necessary to comply with any such court order; (iii) such Confidential Information becomes generally known to and available for use in the Company’s industry (the “Fluid-Control Industry”), other than as a result of any action or inaction by Executive; or (iv) such information has been rightfully received by a member of the Fluid-Control Industry or has been published in a form generally available to the Fluid-Control Industry prior to the date Executive proposes to disclose or use such information. Executive further agrees that he will not during employment and/or at any time thereafter use such Confidential Information in competing, directly or indirectly, with the Company. At such time as Executive shall cease to be employed by the Company, he will immediately turn over to the Company all Confidential Information, including papers, documents, writings, electronically stored information, other property, and all copies of them provided to or created by him during the course of his employment with the Company.

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

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

(b) during the term of Executive's employment with the Company and for a period of twelve (12) months thereafter, regardless of the reason for termination of employment, Executive will not directly or indirectly solicit or induce any present or future employee of the Company or any affiliate of the Company to accept employment with Executive or with any business, operation, corporation, partnership, association; agency, or other person or entity with which Executive may be associated, and Executive will not employ or cause any business, operation, corporation, partnership, association, agency, or other person or entity with which Executive may be associated to employ any present or future employee of the Company or affiliate of the Company without providing the Company or the affiliate, as appropriate, with ten (10) days' prior written notice of such proposed employment.

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

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

If to the Executive:

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

If to the Company:

CIRCOR International, Inc.
30 Corporate Drive, Suite 200
Burlington, MA 01803
Attention: Chief Human Resource Officer

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

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

8. **Miscellaneous.** No provisions of this Agreement may be modified, waived, or discharged unless such waiver, modification, or discharge is agreed to in writing and signed by Executive and such officer of the Company as may be specifically designated by the Board. No waiver by either party hereto of or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. The respective rights and obligations of the parties under this Agreement will survive any termination of Executive's employment or termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations. No agreements or representations, oral or otherwise, express or implied, unless specifically referred to herein, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. The validity, interpretation, construction, and performance of this Agreement shall be governed by the laws of the Commonwealth of Massachusetts (without regard to principles of conflicts of laws).

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

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

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

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

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

14. **Section 409A.**

(a) Anything in this Agreement to the contrary notwithstanding, if at the time of the Executive's separation from service within the meaning of Section 409A of the Code, the Company determines that the Executive is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that the Executive becomes entitled to under this Agreement on account of the Executive's separation from service

would be considered deferred compensation subject to the 20 percent additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (A) six months and one day after the Executive's separation from service, or (B) the Executive's death.

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

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

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

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

[Remainder of Page Intentionally Left Blank]

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

CIRCOR International

By: _____

Scott A. Buckhout
President & CEO

EXECUTIVE

Abhishek Khandelwal, CFO

**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: XXXX

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 XXXX fiscal year ("Tranche 1"), the twenty-four month period beginning on XXXX ("Tranche 2") and the thirty-six month period beginning on XXXX ("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 Measurement Cash Flow ("Adjusted MCF") and Adjusted Operating Margin ("Adjusted OM" or "AOM") for the period of time corresponding to that Tranche.

(i) "Adjusted Measurement Cash Flow" or "Adjusted MCF" with respect to a fiscal year is calculated by adding the Company's cash provided by operating businesses less Corporate General and Administrative spend for that year. Specifically, Adjusted MCF excludes cash flows from income taxes, corporate special charges, and restructuring costs but includes interest expense.

(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 MCF and AOM based on MCF 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 MCF 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 MCF 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 XXXX fiscal year, Tranche 2 shall vest on XXXX and Tranche 3 shall vest on XXXX, 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 (attached hereto as Exhibit B). 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.



Scott Buckhout

By:

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

**CIRCOR INTERNATIONAL, INC.
SPECIAL RESTRICTED STOCK UNIT AGREEMENT**

Name of Awardee: Participant Name
Awardee Solium Number: XXX
Number of Restricted Stock Units: XXXX
Award Date: March 24, 2020

On March 4, 2020, CIRCOR International, Inc. (the "Company") determined that, in order to better align compensation with the Company's achievement of its 18-month plan communicated in June 2019, the Company will provide a special award of Restricted Stock Units ("RSUs"). This Award of Restricted Stock Units is in addition to any Restricted Stock Units you may receive under the normal annual Long-Term Incentive Program award. The RSUs subject to this Award are subject to the terms and conditions set forth herein and the CIRCOR International, Inc. 2019 Stock Option and Incentive Plan (the "Plan").

1. Vesting Schedule. No portion of this Award may be received until such portion shall have vested. Except as otherwise set forth in this Agreement or in the Plan, the RSUs will vest on the vesting date shown below, subject to Awardee's continued employment with the Company on the vesting date:

Number of	
<u>Restricted Stock Units</u>	<u>Vesting Date</u>
(XXX)	March 4, 2021

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

2. Payment of Award.

(a) Each vested RSU entitles Awardee to receive one share of Stock as soon as practicable following the vesting date for such RSU, and in no event later than March 15, 2021. The issuance of the shares subject to the RSUs granted in this Award may not be deferred past March 15, 2021.

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

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

(d) Until such time as RSUs have vested pursuant to the terms hereof, dividend equivalents shall be accrued with respect to each share of Stock underlying the RSUs such that, upon distribution of such RSUs, all dividend equivalents so accrued (without interest) shall be paid in cash to Awardee.

3. Termination of Employment or Other Business Relationship. If the Awardee's employment or other business relationship with the Company or a Subsidiary (as defined in the Plan) is terminated for any reason except as otherwise set forth in this Section 3, Awardee's right in any RSUs that are not vested shall automatically terminate upon the effective date of such termination of employment or other business relationship with the Company and its Subsidiaries and such RSUs shall be cancelled as provided within the terms of the Plan and shall be of no further force and effect.

a) Termination Due to Death. If the Awardee's employment terminates by reason of the Awardee's death, (excluding death by suicide), all outstanding awards shall become vested as of the date of death and the Company, not later than 2 1/2 months following the effective date of such termination, shall issue all outstanding shares of Stock to Awardee's designated beneficiary or estate executor.

b) Termination Due to Disability. If the Awardee's employment terminates by reason of the Awardee's qualified disability, (an individual shall be considered disabled if such individual qualifies for receipt of long-term disability benefits under the long-term disability plan then in effect for the Company's employees), all outstanding awards shall become vested as of the date of disability and the Company, not later than 2 1/2 months following the effective date of such termination, shall issue all outstanding shares of Stock to Awardee.

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

d) Termination for Cause. If the Awardee's employment terminates for Cause (as defined below), all unvested RSUs shall terminate immediately and be of no further force and effect. For purposes hereof, unless otherwise provided in an employment agreement between the Company and the Awardee, a termination of employment for "Cause" shall mean, the occurrence of one or more of the following: (i) the Awardee is convicted of, pleads guilty to, or confesses to any felony or any act of fraud, misappropriation or embezzlement which has an immediate and materially adverse effect on the Company or any Subsidiary, as determined by the Administrator (as defined by the Plan) in good faith in its sole discretion; (ii) the Awardee engages in a fraudulent act to the material damage or prejudice of the Company or any Subsidiary or in conduct or activities materially damaging to the property, business or reputation of the Company or any Subsidiary, all as determined by the Administrator in good faith in its sole discretion; (iii) any material act or omission by the Awardee involving malfeasance or negligence in the performance of the Awardee's duties to the Company or any Subsidiary to the material detriment of the Company or any Subsidiary, as determined by the Administrator in good faith in its sole discretion, which has not been corrected by the Awardee within thirty (30) days after written notice from the Company of any such act or omission; (iv) failure by the Awardee to comply in any material respect with any written policies or directives of the Company as determined by the Administrator in good faith in its sole discretion, which has not been corrected by the Awardee within ten (10) days after written notice from the Company of such failure; or (v) material breach by the Awardee of any non-competition, non-solicitation, confidentiality or similar agreements between the Awardee and the Company as determined by the Administrator in good faith in its sole discretion.

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

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

g) **Miscellaneous.** The Administrator's determination of the reason for termination of the Awardee's employment shall be conclusive and binding on the Awardee and his or her representatives or legatees. Any portion of this Award that is unvested after the application of this Section 3 shall be cancelled immediately upon any termination of employment and shall not be exercisable by the Awardee.

4. Section 409A. Payments under this Agreement are intended to be exempt from the application of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and, accordingly, the terms of this Award Agreement shall be construed and administered to preserve such exemption.

Neither the Company nor any of its affiliates shall be liable to the Awardee (or any other individual claiming a benefit through the Awardee) for any tax, interest, or penalties the Awardee might owe as a result of participation in the Plan, and the Company and its affiliates shall have no obligation to indemnify or otherwise protect the Awardee from the obligation to pay any taxes pursuant to Section 409A of the Code.

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

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

7. Tax Withholding. For CIRCOR employees, the Company is authorized to satisfy the minimum tax withholding obligation by withholding from shares of Stock to be issued a number of shares of Stock with an aggregate Fair Market Value that would satisfy the minimum required tax withholding amount due. The Awardee may elect, subject to the approval of the Administrator, to satisfy tax withholding obligations, in whole or in part, by having the Company withhold such number of Shares elected by the Participant not in excess of the maximum amount required for federal, state and local tax withholding attributable to the vesting of this Award and/or the delivery of Shares.

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

Awardee either (a) has had any management responsibility, (b) has otherwise provided regular services during his affiliation with Company, or (c) has had access to confidential or proprietary information; or (2) entice, solicit, request or advise any employee of the Company to leave the Company's employment or to otherwise accept employment (or other affiliation) with any person, firm or business with which Awardee has an employment or consulting relationship. As used above, "Customers" means all customers of any such business of the Company. Notwithstanding the provisions of this paragraph 8, if Awardee is an employee or resident of a state in which non-compete provisions of the type set forth in this paragraph 8 are not enforceable, then the non-compete provisions of this paragraph 8 shall not apply; the non-solicitation provisions of this paragraph 8, however, shall continue to apply. In addition, in the event that a court of competent jurisdiction determines that any of the restrictions set forth in this paragraph 8 are impermissible in scope and/or duration, Awardee and the Company intend that such court shall revise such scope and/or duration as the court deems reasonable rather than invalidating any such restrictions.

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

10. Miscellaneous.

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

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

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

CIRCOR INTERNATIONAL, INC.



By:

Scott Buckhout

Title: **President and CEO**

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

Date:

Name: [Awardee]

**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: XXX
Number of Restricted Stock Units: XXXX
Award Date: XXXX

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 or employee of the Company or any of its Subsidiaries, an award (the "Award") of Restricted Stock Units ("RSUs") subject to the terms and conditions set forth herein and in the Plan.

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

	Number of	
	<u>Restricted Stock Units</u>	<u>Vesting Date</u>
(XXX)	one-third	XXXX
(XXX)	one-third	XXXX
(XXX)	one-third	XXXX

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

2. Deferral of Award.

(a) Each vested RSU entitles Awardee to receive one share of the Company's Common Stock (the "Stock") on the later of (i) the vesting date for such RSU or (ii) the end of the deferral period specified by Awardee. Any deferral period must be expressed as a number of whole years, not less than three (3), beginning on the Award Date. Such deferral election shall be made within 30 days of the Award Date. This deferral period will apply only to deferral elections made on the specific Deferral Election Form. In addition, any such deferral must apply to receipt of all shares of Stock underlying the entire Award; for example, a deferral period of seven (7) years would result in Awardee receiving shares of Stock underlying the entire Award seven (7) years from the Award Date regardless of the fact that the RSUs may have vested at differing times. (If no deferral period is specified on the Deferral Election Form, Stock will be issued as soon as practicable upon vesting of the RSUs).

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

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

(d) Until such time as RSUs have vested pursuant to the terms hereof, dividend equivalents shall be accrued with respect to each share of Stock underlying the RSUs such that, upon

distribution of such RSUs, all dividend equivalents so accrued (without interest) shall be paid in cash to Awardee. In addition, with respect to RSUs which have vested but have not been converted into shares of Stock pursuant to a valid deferral election by Awardee, dividends on the shares of Stock underlying such RSUs shall be paid in cash to Awardee upon distribution of such RSUs.

3. Termination of Employment or Other Business Relationship. If the Awardee's employment or other business relationship with the Company or a Subsidiary (as defined in the Plan) is terminated for any reason except as otherwise set forth in this Section 3, Awardee's right in any RSUs that are not vested shall automatically terminate upon the effective date of such termination of employment or other business relationship with the Company and its Subsidiaries and such RSUs shall be cancelled as provided within the terms of the Plan and shall be of no further force and effect.

a) Termination Due to Death. If the Awardee's employment terminates by reason of the Awardee's death, (excluding death by suicide), all outstanding awards shall become vested as of the date of death and the Company, not later than 2 1/2 months following the effective date of such termination, shall issue all outstanding shares of Stock to Awardee's designated beneficiary or estate executor.

b) Termination Due to Disability. If the Awardee's employment terminates by reason of the Awardee's qualified disability, (an individual shall be considered disabled if such individual qualifies for receipt of long-term disability benefits under the long-term disability plan then in effect for the Company's employees), all outstanding awards shall become vested as of the date of disability and the Company, not later than 2 1/2 months following the effective date of such termination, shall issue all outstanding shares of Stock to Awardee.

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

d) Termination for Cause. If the Awardee's employment terminates for Cause (as defined below), all unvested RSUs shall terminate immediately and be of no further force and effect. For purposes hereof, unless otherwise provided in an employment agreement between the Company and the Awardee, a termination of employment for "Cause" shall mean, the occurrence of one or more of the following: (i) the Awardee is convicted of, pleads guilty to, or confesses to any felony or any act of fraud, misappropriation or embezzlement which has an immediate and materially adverse effect on the Company or any Subsidiary, as determined by the Administrator (as defined by the Plan) in good faith in its sole discretion; (ii) the Awardee engages in a fraudulent act to the material damage or prejudice of the Company or any Subsidiary or in conduct or activities materially damaging to the property, business or reputation of the Company or any Subsidiary, all as determined by the Administrator in good faith in its sole discretion; (iii) any material act or omission by the Awardee involving malfeasance or negligence in the performance of the Awardee's duties to the Company or any Subsidiary to the material detriment of the Company or any Subsidiary, as determined by the Administrator in good faith in its sole discretion, which has not been corrected by the Awardee within thirty (30) days after written notice from the Company of any such act or omission; (iv) failure by the Awardee to comply in any

material respect with any written policies or directives of the Company as determined by the Administrator in good faith in its sole discretion, which has not been corrected by the Awardee within ten (10) days after written notice from the Company of such failure; or (v) material breach by the Awardee of any non-competition, non-solicitation, confidentiality or similar agreements between the Awardee and the Company as determined by the Administrator in good faith in its sole discretion.

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

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

g) **Miscellaneous.** The Administrator's determination of the reason for termination of the Awardee's employment shall be conclusive and binding on the Awardee and his or her representatives or legatees. Any portion of this Award that is unvested after the application of this Section 3 shall be cancelled immediately upon any termination of employment and shall not be exercisable by the Awardee.

4. **Section 409A.** Unless receipt of Shares is deferred in accordance with this Agreement, payments under this Agreement are intended to be exempt from the application of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and, accordingly, the terms of this Award Agreement shall be construed and administered to preserve such exemption. Anything in this Agreement to the contrary notwithstanding, if at the time of the Awardee's "separation from service" within the meaning of Section 409A of the Code, the Company determines that the Awardee is a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that the Awardee becomes entitled to under this Agreement would be considered deferred compensation subject to the 20 percent additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided any earlier than the date that is the earlier of (A) six months and one day after the Awardee's separation from service, or (B) the Awardee's death. Neither the Company nor any of its affiliates shall be liable to the Awardee (or any other individual claiming a benefit through the Awardee) for any tax, interest, or penalties the Awardee might owe as a result of participation in the Plan, and the Company and its affiliates shall have no obligation to indemnify or otherwise protect the Awardee from the obligation to pay any taxes pursuant to Section 409A of the Code.

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

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

7. **Tax Withholding.** For Circor employees, the Company is authorized to satisfy the minimum tax withholding obligation by withholding from shares of Stock to be issued a number of shares of Stock with an aggregate Fair Market Value that would satisfy the minimum required tax withholding amount due. The Awardee may elect, subject to the approval of the Administrator, to satisfy tax withholding obligations, in whole or in part, by having the Company withhold such number of Shares elected by the Participant not in excess of the maximum amount required for federal, state and local tax withholding attributable to the vesting of this Award and/or the delivery of Shares.

8. **Non-Compete/Non-Solicitation Agreement.** Awardee is receiving the Award provided for herein in part because the Company has determined that Awardee is a key contributor to the continued success of the Company. As such, Awardee is privy to certain proprietary information which the Company

considers to be competition sensitive. The Company, therefore, would be materially harmed were Awardee to leave the Company and perform services on behalf of a competitor or if the Awardee were to solicit (i) customers to do business with a competitor of the Company or (ii) employees of the Company to leave the Company. Accordingly, in consideration of Awardee's receipt of the Award, Awardee covenants and agrees that, for a period of two (2) years following the termination of Awardee's affiliation with the Company (whether as an employee or non-employee director), Awardee shall not, anywhere in the world, own, manage, operate, join, control, promote, invest or participate in or be connected with in any capacity (either as an employee, employer, trustee, consultant, agent, principal, partner, corporate officer, director, creditor, owner or shareholder or in any other individual or representative capacity) with any business individual, partnership, firm, corporation or other entity which is engaged wholly or partly in the design, manufacture, development, distribution, marketing or sales of any products which compete with the Company's then current lines of business for which Awardee, during the two year period immediately preceding termination of affiliation with the Company, had managerial responsibility or otherwise provided regular services. Awardee agrees that this provision is reasonable in view of the relevant market for the Company's products and services and that any breach hereof would result in continuing and irreparable harm to the Company. The foregoing, however, shall not prevent Awardee from making passive investments in a competitive enterprise whose shares are publicly traded if such investment constitutes less than five percent (5%) of such enterprise's outstanding capital stock. In addition, Awardee, for a period of two years following the termination of Awardee's affiliation with the Company shall not directly or indirectly (1) induce, solicit, request or advise any Customers (as defined below) to patronize any business which competes with any business of the Company for which Awardee either (a) has had any management responsibility, (b) has otherwise provided regular services during his affiliation with Company, or (c) has had access to confidential or proprietary information; or (2) entice, solicit, request or advise any employee of the Company to leave the Company's employment or to otherwise accept employment (or other affiliation) with any person, firm or business with which Awardee has an employment or consulting relationship. As used above, "Customers" means all customers of any such business of the Company. Notwithstanding the provisions of this paragraph 8, if Awardee is an employee or resident of a state in which non-compete provisions of the type set forth in this paragraph 8 are not enforceable, then the non-compete provisions of this paragraph 8 shall not apply; the non-solicitation provisions of this paragraph 8, however, shall continue to apply. In addition, in the event that a court of competent jurisdiction determines that any of the restrictions set forth in this paragraph 8 are impermissible in scope and/or duration, Awardee and the Company intend that such court shall revise such scope and/or duration as the court deems reasonable rather than invalidating any such restrictions.

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

10. Miscellaneous.

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

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

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

CIRCOR INTERNATIONAL, INC.



By:

Scott Buckhout

Title: **President and CEO**

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

Date:

Name: Awardee

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

This Restricted Stock Unit ("RSU") Award Agreement Deferral Election Form ("Deferral Election Form") is entered into by and between CIRCOR International, Inc. (the "Company") and Awardee, who is an eligible employee of the Company or any of its subsidiaries and participant in the CIRCOR International, Inc. 2019 Stock Option and Incentive Plan (the "Plan"). The Plan provisions are incorporated herein by reference in their entirety and supersede any conflicting provisions contained in this Deferral Election Form. Neither this Deferral Election Form nor the Plan shall be construed as giving Awardee any right to continue to be employed by or perform services for the Company or any subsidiary or affiliate thereof. This deferral election is effective for this award only.

1. Deferral of Restricted Stock Units

Awardee will be fully vested in each RSU three years after the date such RSU is awarded, provided that Awardee has maintained employment with the Company for such three year period. The RSUs will vest over a three year period on the following basis:

Restricted Stock Units Vesting Date

(XXX) one-third XXXX

(XXX) one-third XXXX

(XXX) one-third XXXX

Each vested RSU entitles Awardee to receive one share of the Company's Common Stock (the "Stock") on the later of (i) the vesting date for such RSU or (ii) the end of the deferral period specified by Awardee. Any deferral period must be expressed as a number of whole years, not less than Three (3), beginning on the Award Date. Such deferral election shall be made within 30 days of the Award Date. This deferral period will apply only to deferral elections made on the specific Deferral Election Form. In addition, any such deferral must apply to receipt of all shares of Stock underlying the entire Award; for example, a deferral period of seven (7) years would result in Awardee receiving shares of Stock underlying the entire Award seven (7) years from the Award Date regardless of the fact that the RSUs may have vested at differing times. (If no deferral period is specified on the Deferral Election Form, Stock will be issued as soon as practicable upon vesting of the RSUs).

I wish to receive shares immediately upon vesting of each tranche.

I wish to defer receipt of all shares until _____ years (minimum of 3) after the Award Date.

2. Designation of Beneficiary (Optional)

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

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

3. Effective Date of Election

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

CIRCOR INTERNATIONAL, INC.

AWARDEE



By: By:

Name: Scott Buckhout Date:
President and CEO

Name: Awardee Date:

**RESTRICTED STOCK UNIT AGREEMENT
FOR DIRECTORS UNDER THE
CIRCOR INTERNATIONAL, INC.
2019 STOCK OPTION AND INCENTIVE PLAN**

Name of Awardee: Participant Name
Awardee Solium Number: XXX
Number of Restricted Stock Units: XXXX
Award Date: XXXX

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 a director of the Company or any of its Subsidiaries, an award (the "Award") of Restricted Stock Units ("RSUs") subject to the terms and conditions set forth herein and in the Plan.

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

Number of	
<u>Restricted Stock Units</u>	<u>Vesting Date</u>
(XXX)	XXXX

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

2. Deferral of Award.

(a) Each vested RSU entitles Awardee to receive one share of the Company's Common Stock (the "Stock") on the later of (i) the vesting date for such RSU or (ii) the end of the deferral period specified by Awardee. Any deferral period must be expressed as a number of whole years, not less than one (1), beginning on the Award Date. Such deferral election shall be made within 30 days of the Award Date. This deferral period will apply only to deferral elections made on the specific Deferral Election Form. In addition, any such deferral must apply to receipt of all shares of Stock underlying the entire Award; for example, a deferral period of seven (7) years would result in Awardee receiving shares of Stock underlying the entire Award seven (7) years from the Award Date regardless of the fact that the RSUs may have vested at differing times. If no deferral period is specified on the Deferral Election Form, Stock will be issued as soon as practicable (but not later than sixty (60) days) after vesting of the RSUs.

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

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

(d) Until such time as RSUs have vested pursuant to the terms hereof, dividend equivalents shall be accrued with respect to each share of Stock underlying the RSUs such that, upon distribution of such RSUs, all dividend equivalents so accrued (without interest) shall be paid in cash to Awardee. In addition, with respect to RSUs which have vested but have not been converted into shares of

Stock pursuant to a valid deferral election by Awardee, dividends on the shares of Stock underlying such RSUs shall be paid in cash to Awardee upon distribution of such RSUs.

3. Termination of Directorship or Other Business Relationship. If the Awardee's directorship or other business relationship with the Company or a Subsidiary (as defined in the Plan) is terminated for any reason except as otherwise set forth in this Section 3, Awardee's right in any RSUs that are not vested shall automatically terminate upon the effective date of such termination of directorship or other business relationship with the Company and its Subsidiaries and such RSUs shall be cancelled as provided within the terms of the Plan and shall be of no further force and effect.

a) Termination Due to Death. If the Awardee's directorship terminates by reason of the Awardee's death, (excluding death by suicide), all outstanding awards shall become vested as of the date of death and the Company, within 2 1/2 months following the effective date of such termination, shall issue all outstanding shares of Stock to Awardee's designated beneficiary or estate executor.

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

c) Termination Due to Retirement. If the Awardee's directorship is terminated by reason of the Awardee's retirement from the Board, as may be permitted by the Board in its sole discretion, pro-rata vesting of unvested RSUs shall apply based on the number of days elapsed in the vesting period as of the retirement date. The Company shall issue such outstanding shares of Stock within 2½ months of the retirement date; provided, however, that Stock shall not be issued with respect to any vested RSUs for which valid deferral elections have been made until the deferral dates set forth in such deferral elections.

d) Termination for Cause. If the Awardee's directorship terminates for Cause (as determined by the Administrator in its sole discretion), all unvested RSUs shall terminate immediately and be of no further force and effect.

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

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

g) Miscellaneous. The Administrator's determination of the reason for termination of the Awardee's directorship shall be conclusive and binding on the Awardee and his or her representatives or legatees. Any portion of this Award that is unvested after the application of this Section 3 shall be cancelled immediately upon any termination of directorship and shall not be exercisable by the Awardee.

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

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

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

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

8. **Non-Compete/Non-Solicitation Agreement.** Awardee is receiving the Award provided for herein in part because the Company has determined that Awardee is a key contributor to the continued success of the Company. As such, Awardee is privy to certain proprietary information which the Company considers to be competition sensitive. The Company, therefore, would be materially harmed were Awardee to leave the Company and perform services on behalf of a competitor or if the Awardee were to solicit (i) customers to do business with a competitor of the Company or (ii) employees of the Company to leave the Company. Accordingly, in consideration of Awardee's receipt of the Award, Awardee covenants and agrees that, for a period of two (2) years following the termination of Awardee's affiliation with the Company (whether as an employee or non-employee director), Awardee shall not, anywhere in the world, own, manage, operate, join, control, promote, invest or participate in or be connected with in any capacity (either as an employee, employer, trustee, consultant, agent, principal, partner, corporate officer, director, creditor, owner or shareholder or in any other individual or representative capacity) with any business individual, partnership, firm, corporation or other entity which is engaged wholly or partly in the design, manufacture, development, distribution, marketing or sales of any products which compete with the Company's then current lines of business for which Awardee, during the two year period immediately preceding termination of affiliation with the Company, had managerial responsibility or otherwise provided regular services. Awardee agrees that this provision is reasonable in view of the relevant market for the Company's products and services and that any breach hereof would result in continuing and irreparable harm to the Company. The foregoing, however, shall not prevent Awardee from making passive investments in a competitive enterprise whose shares are publicly traded if such investment constitutes less than five percent (5%) of such enterprise's outstanding capital stock. In addition, Awardee, for a period of two years following the termination of Awardee's affiliation with the Company shall not directly or indirectly (1) induce, solicit, request or advise any Customers (as defined below) to patronize any business which competes with any business of the Company for which Awardee either (a) has had any management responsibility, (b) has otherwise provided regular services during his affiliation with Company, or (c) has had access to confidential or proprietary information; or (2) entice, solicit, request or advise any employee of the Company to leave the Company's employment or to otherwise accept employment (or other affiliation) with any person, firm or business with which Awardee has an employment or consulting relationship. As used above, "Customers" means all customers of any such business of the Company. Notwithstanding the provisions of this paragraph 8, if Awardee is an employee or resident of a state in which non-compete provisions of the type set forth in this paragraph 8 are not enforceable, then the non-compete provisions of this paragraph 8 shall not apply; the non-solicitation provisions of this paragraph 8, however, shall continue to apply. In addition, in the event that a court of competent jurisdiction determines that any of the restrictions set forth in this paragraph 8 are impermissible in scope and/or duration, Awardee and the Company intend that such court shall revise such scope and/or duration as the court deems reasonable rather than invalidating any such restrictions.

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

10. **Miscellaneous.**

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

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

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

CIRCOR INTERNATIONAL, INC.

Scott Buckhout

By:

Title: **President and CEO**

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

Date:

Name: Awardee

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

This Restricted Stock Unit ("RSU") Award Agreement Deferral Election Form ("Deferral Election Form") is entered into by and between CIRCOR International, Inc. (the "Company") and Awardee, who is an eligible participant in the CIRCOR International, Inc. 2019 Stock Option and Incentive Plan (the "Plan"). The Plan provisions are incorporated herein by reference in their entirety and supersede any conflicting provisions contained in this Deferral Election Form. Neither this Deferral Election Form nor the Plan shall be construed as giving Awardee any right to continue to be employed by or perform services for the Company or any subsidiary or affiliate thereof. This deferral election is effective for this award only.

1. Deferral of Restricted Stock Units

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

Restricted Stock Units Vesting Date

(XXX) XXXX

Each vested RSU entitles Awardee to receive one share of the Company's Common Stock (the "Stock") on the later of (i) the vesting date for such RSU or (ii) the end of the deferral period specified by Awardee. Any deferral period must be expressed as a number of whole years, not less than Three (3), beginning on the Award Date. Such deferral election shall be made within 30 days of the Award Date. This deferral period will apply only to deferral elections made on the specific Deferral Election Form. In addition, any such deferral must apply to receipt of all shares of Stock underlying the entire Award; for example, a deferral period of seven (7) years would result in Awardee receiving shares of Stock underlying the entire Award seven (7) years from the Award Date regardless of the fact that the RSUs may have vested at differing times. If no deferral period is specified on the Deferral Election Form, Stock will be issued as soon as practicable upon vesting of the RSUs.

I wish to receive shares immediately upon vesting of each tranche.

I wish to defer receipt of all shares until _____ years (minimum of 3) after the Award Date.

2. Designation of Beneficiary (Optional)

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

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

3. Effective Date of Election

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

CIRCOR INTERNATIONAL, INC.

AWARDEE



By: _____
Name: **Scott Buckhout** Date: _____

By: _____
Name: **Awardee** Date: _____

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

I, Scott A. Buckhout, certify that:

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

June 1, 2020

Signature: _____

/s/ Scott A. Buckhout

Scott A. Buckhout

President and Chief Executive Officer

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

I, Abhi Khandelwal, 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.

June 1, 2020

Signature: _____

/s/ Abhi Khandelwal

Abhi Khandelwal

Senior Vice President and Chief Financial Officer

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

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

/s/ Scott A. Buckhout

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

June 1, 2020

/s/ Abhi Khandelwal

Abhi Khandelwal
Senior Vice President and Chief Financial Officer
Principal Financial Officer

June 1, 2020