



CIRCOR International, Inc.
Letter to Shareholders 2010

To Our Shareholders:

As a late-cycle company, CIRCOR continued to experience the lingering effects of the Great Recession in 2010. Yet, we were able to increase revenues 7% to \$686 million with growth in all three of our business segments. We also continued to focus on our strategic objectives during the year. Our greatest accomplishment was the successful resolution of the Leslie Controls asbestos liability. With this burden behind us, we can now focus our full attention and dedicate all our financial resources to accelerating growth. Even more encouraging is that most of our end markets are showing signs of improvement in early 2011.

Over the next three to five years, the goal of our strategic plan is to double CIRCOR's revenue while expanding our operating margins and improving cash flow. At the core of our strategy is a long-term effort to transform CIRCOR into a global growth company with a leading position in targeted end markets that offer sustainable revenue and profitability growth. This will require capital reallocation, strategic acquisitions, product innovation and global expansion.

Our focus in developing this portfolio is to penetrate markets where demand will be driven by fundamental demographic change and long-term technology shifts. Tens of millions of people are joining the global market economy every year as a growing world population increasingly aspires to middle-class affluence. This is leading to unprecedented growth in energy demand and investment in infrastructure, particularly in emerging markets.

We are targeting growth opportunities in Energy, Aerospace, Power Generation and Industrial end markets that stand to benefit from these trends. Customers in these markets will demand products that are more complex, reliable, safe and energy efficient. This is an opportunity for us to provide highly engineered products that are designed for critical applications in severe operating environments.

Our success in capturing these opportunities is dependent on transforming our company and creating value through the CIRCOR Business System. Honed over the past five years, the CIRCOR Business System consists of six core competencies, which we are driving across the entire enterprise. These include: 1) Lean enterprise, Six Sigma and continuous improvement; 2) talent acquisition, development and retention; 3) acquisitions and factory repositioning; 4) global business and supply chain development; 5) customer relationship development; and 6) product innovation.

Fundamental to the CIRCOR Business System is our ability to leverage our high-performance, lean operations to grow. As an example, our North American short cycle energy business has been able to do this by building a successful lean business model, which directly ties our supply chain to our customers' demands. During the cyclical downturn and subsequent recovery, we were able to respond to the change in demand with record speed and capture market share along the way.

Another example of our progress with the CIRCOR Business System is the success we achieved in our focus on talent acquisition during the year. CIRCOR's presence in India has expanded from zero to more

than 100 employees in less than two years. More recently, we advanced our sourcing, engineering and sales capabilities, and in 2010 we acquired the valve business of Mazda, Ltd. with a highly capable team in India serving the power generation market.

Our global growth strategy is also benefitting from the CIRCOR Business System core competency we are developing for acquisitions and factory repositioning. In addition to the Mazda valve business in India, we recently acquired SF Valves in Brazil, opening the door for CIRCOR to serve one of the world's largest oil and gas producers, Petrobras.

Meanwhile, the 2009 consolidation of two California Aerospace plants laid the groundwork for our 2010 acquisition and integration of Castle Precision Industries. Adding Castle to our Aerospace segment expands our landing gear capabilities, exploits our lean infrastructure and diversifies our business, particularly in the more profitable commercial aftermarket.

The CIRCOR Business System also focuses on forging strong customer relationships and product innovation. This was exemplified by winning a major new landing gear program on the next-generation A350 and new business on the A330. These wins are on long-term growth platforms and demonstrate customer recognition of our enhanced capabilities.

During 2010 we also achieved significant advances in product innovation. Among them was the launch of our fully welded ball valve in our Energy segment. Developed by a global engineering team comprised of talent in Oklahoma, Italy and India, this coordinated effort illustrates the power of our new global design and sourcing capabilities.

In summary, we have accomplished much in 2010 and our markets look favorable in 2011. With our talented leadership and CIRCOR Business System, we are repositioning CIRCOR for higher profit, long-term growth. Our vision is to be a global growth company with superior operational execution.

A. William Higgins
Chairman, President and Chief Executive Officer

Frederic M. Burditt
Vice President, Chief Financial Officer and Treasurer