



**Second Quarter 2008**

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**Investor Review**

**July 30, 2008**

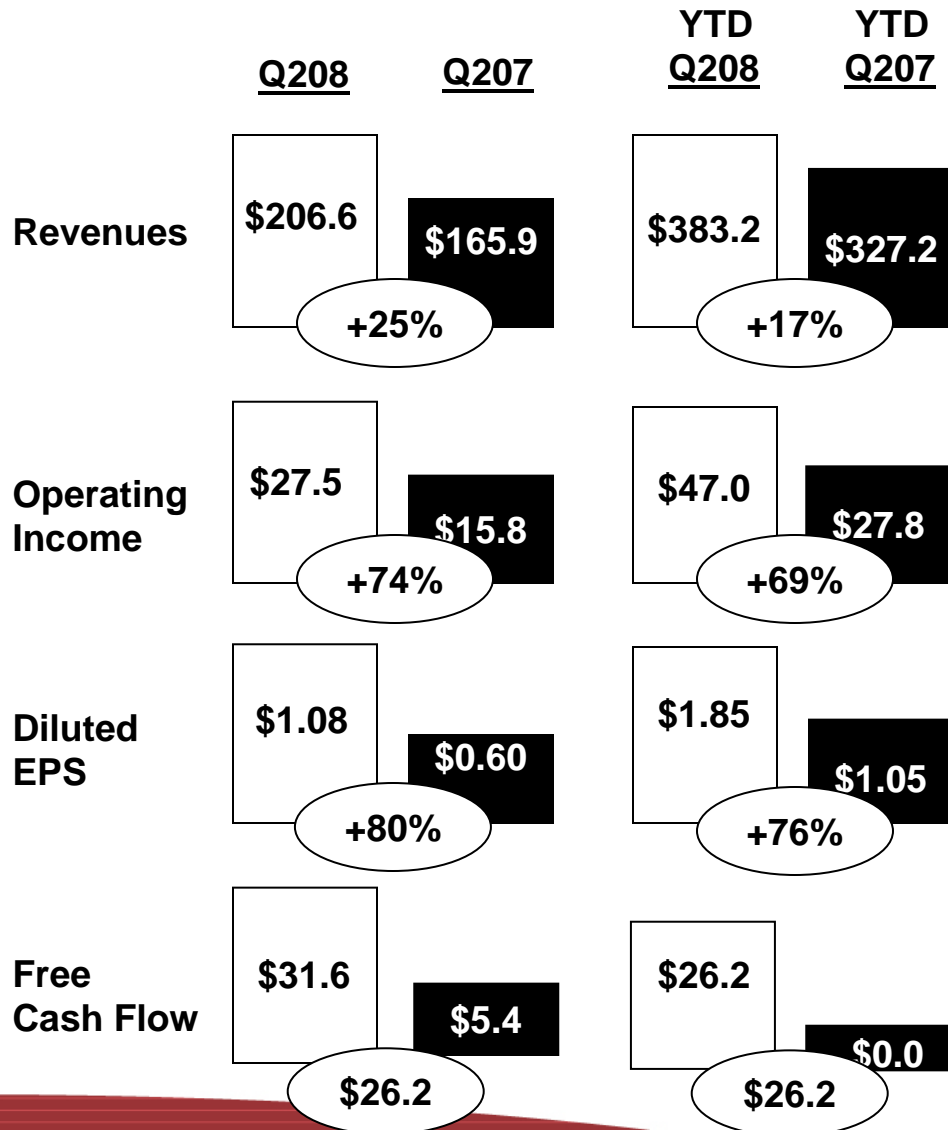


## FORWARD LOOKING STATEMENT

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This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Reliance should not be placed on forward-looking statements because they involve unknown risks, uncertainties and other factors, which are, in some cases, beyond the control of CIRCOR. Actual events, performance or results could differ materially from the anticipated events, performance or results expressed or implied by such forward-looking statements. **BEFORE MAKING ANY INVESTMENT DECISIONS REGARDING OUR COMPANY, WE STRONGLY ADVISE YOU TO READ THE SECTION ENTITLED “RISK FACTORS” IN OUR MOST RECENT ANNUAL REPORT ON FORM 10-K WHICH CAN BE ACCESSED UNDER THE “INVESTORS” LINK OF OUR WEBSITE AT [WWW.CIRCOR.COM](http://WWW.CIRCOR.COM).** We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

# Financial Results



Unless otherwise noted, comments refer to quarter performance

## ◆ Revenues

- Instrum & TFC Segment up 12% excl FX
- Energy Segment up 22% excl FX
- Fx impact +8%

## ◆ Operating Income

- Instrum & TFC Segment achieved 11% margin; 210 basis improvement Q208 v. Q207
- Energy Segment achieved 20%; 410 basis margin improvement Q208 v Q207
- FX impact +17%

## ◆ EPS

- Extremely favorable: strong Q208 for both segments plus lower interest expense
- FX impact +20%

## ◆ FCF

- Significant improvement from 2007
- Higher profitability and working capital improvements

FCF = Cash from Operations less Capital Expenditures less Dividends paid

# Net Income / EPS

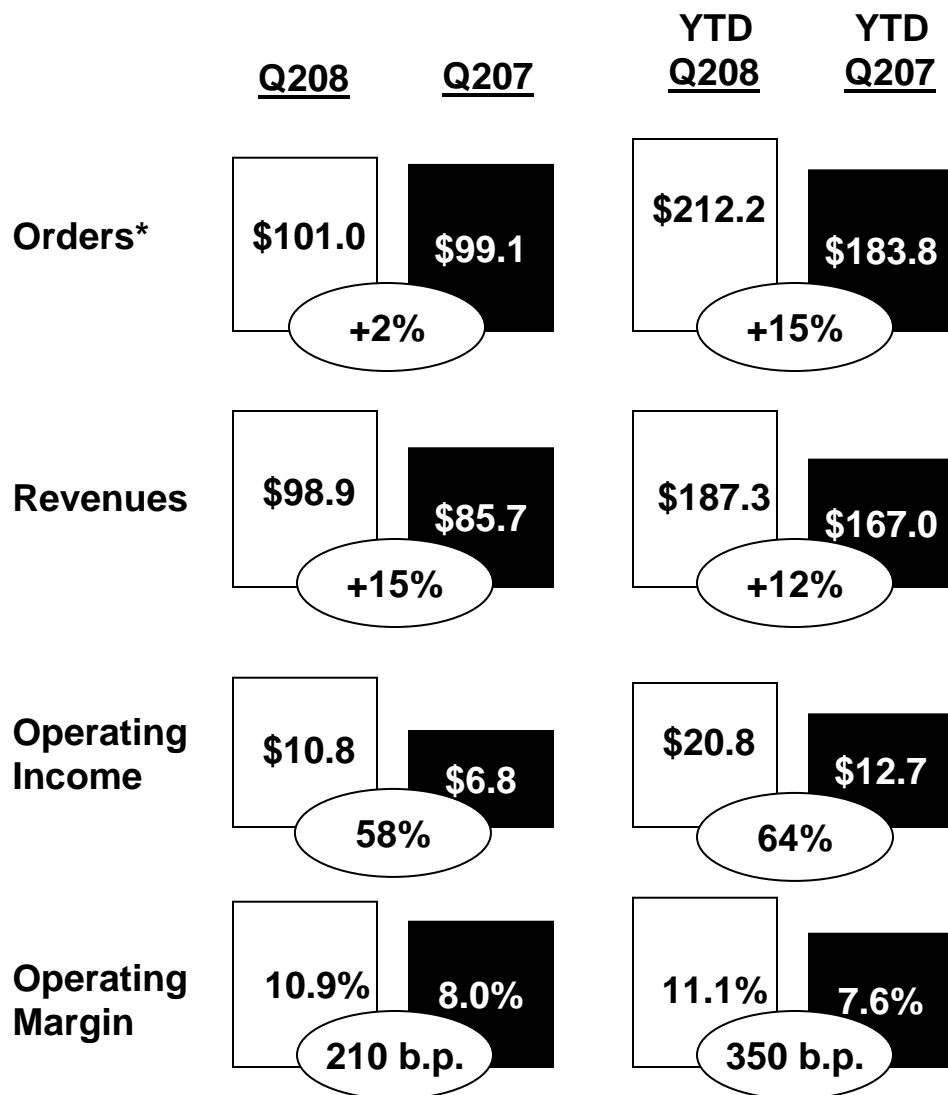
	<u>Q208</u>	<u>Q207</u>	<u>Var</u>	<u>FY08</u>	<u>FY07</u>	<u>Var</u>
Segments' Operating income excluding asbestos-related costs *	\$34.4	\$ 21.3	\$13.1	\$ 59.8	\$ 38.1	\$ 21.7
Current period asbestos-related costs *	(2.0)	(1.0)	(1.0)	(3.1)	(1.5)	(1.6)
Special charges	-	(0.6)	0.6	(0.2)	(1.3)	1.1
Corporate Expenses	(4.9)	(3.9)	(1.0)	(9.5)	(7.5)	(2.0)
Operating income	27.5	15.8	11.7	47.0	27.8	19.2
Net interest	-	(0.9)	0.9	(0.1)	(2.1)	2.0
Other (exp) income; i.e. FX	(0.2)	(0.2)	(0.0)	(0.6)	(0.1)	(0.5)
Income taxes	(8.8)	(4.7)	(4.1)	(14.9)	(8.2)	(6.7)
Net income	18.4	10.0	8.4	31.3	17.3	13.9
Diluted shares (000's)	17,053	16,679	374	16,965	16,582	383
<b>EPS</b>	<b>\$1.08</b>	<b>\$0.60</b>	<b>\$0.48</b>	<b>\$1.85</b>	<b>\$1.05</b>	<b>\$0.80</b>

\* Asbestos-related costs are attributable to the Instrum & TFC Segment's Leslie Controls subsidiary.

# Cash Flow – First Six Months

(In millions)	<u>2008</u>	<u>2007</u>
Net Income	\$ 31.3	\$ 17.4
Depreciation	5.9	5.6
Amortization	1.3	1.3
Compensation expense of stock-based plans net of tax effect	1.0	(0.4)
Working Capital	(5.7)	(18.9)
Other	<u>(0.1)</u>	<u>0.3</u>
Cash Flow from Operations	33.7	5.3
Capital Expenditures	(6.3)	(4.0)
Dividends	<u>(1.3)</u>	<u>(1.2)</u>
Free Cash Flow	<u><u>26.1</u></u>	<u><u>-</u></u>

# Instrumentation & Thermal Fluid Segment



Unless otherwise noted, comments refer to quarter performance

## ◆ Orders

- Strong YTD growth from aerospace, maritime and general industrial,
- Q2'07 had unusually strong Aerospace orders

## ◆ Revenues

- Aerospace, maritime, sampling and general industrial markets contributed
- Q2 & YTD FX impact +4%

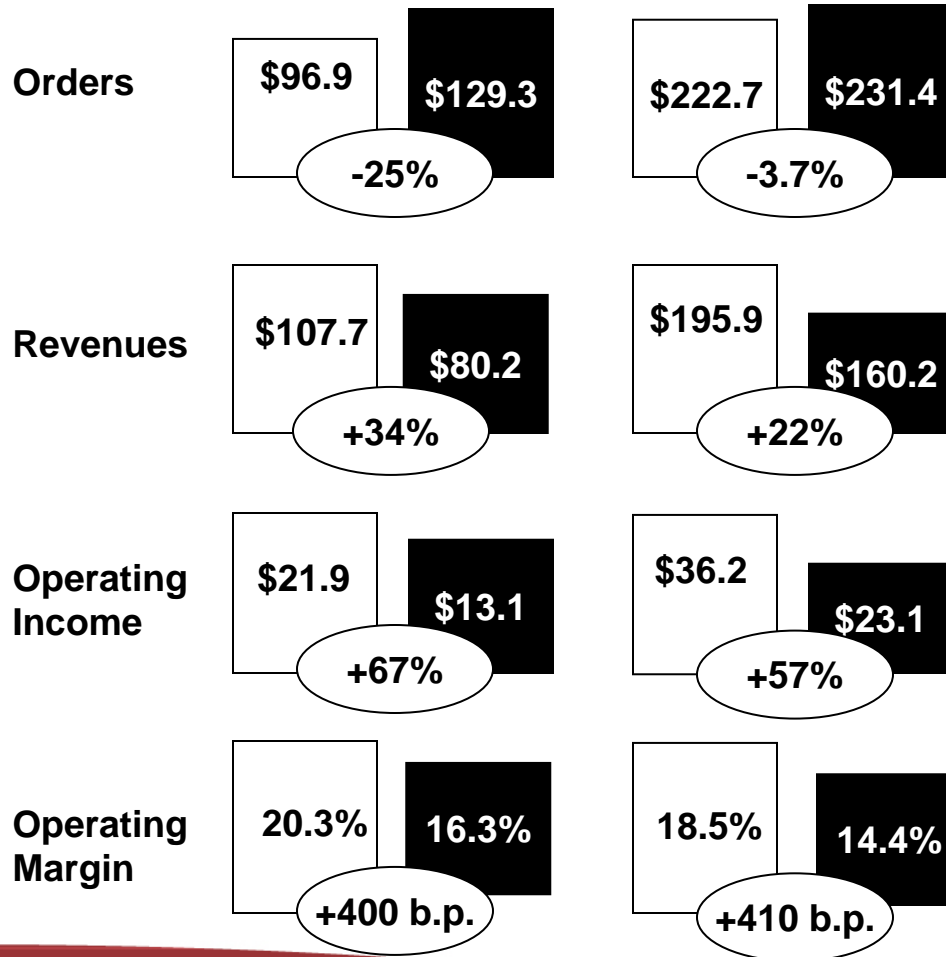
## ◆ Operating Income & Margin

- Favorable: volume, price and mix partially offset material and other inflation
- YTD 07 included \$1.2 million in special charges for US facility consolidation

# Energy Products Segment

Q208      Q207      YTD Q208      YTD Q207

Unless otherwise noted, comments refer to quarter performance



## ◆ Orders

- Lower energy project orders, Q2 '08 had unusually strong orders
- North American Distribution products had strong order rate

## ◆ Revenues

- Shipments to large international oil & gas projects up strongly, improving deliveries
- Distribution Products basically flat to PY but up 19% to prior Qtr
- FX impact 12%

## ◆ Operating Income & Margin

- Driven by volume, Euro FX and higher margins on certain large projects, partially offset by material price increases and China FX

# *2008 Market Assumptions*

## **Positive Factors**

- + Aerospace – Military
- + General Industrial Markets
- + Power Generation
- + US Maritime
- + International Oil & Gas Projects / Middle East
- + North American Rig Counts
- + Natural Gas Price/Supply

## **Soft Markets & Other Factors**

- Aerospace – Commercial Aftermarkets
- Material Cost Increases
- Continued China Currency Appreciation

# 2008 Business Assumptions

	<u>Outlook</u>
Revenue Growth: (excluding FX)	
Instrumentation & TFC	approx 8% to 11%
Energy	approx 15% to 18%
Adjusted Operating Margin:	
Instrumentation & TFC (excl special & asbestos charges)	11% to 13%
Energy (excl special charges)	19% to 21%
Corporate Expenses	approx \$20 to \$21
Effective Income Tax rate	32.5%
Cash Flow from Operations	approx \$ 60M to \$ 70M
Capex	approx \$15M
3rd Quarter EPS Before Special Charges	\$0.90 to 1.00

Expected Next Earnings Conference Call with Investors: October 30, 2008

# Q & A Session

## *Second Quarter Earnings*