Flowserve 2011 Earnings Conference Call

February 23, 2012

Experience In Motion

Special Note

SAFE HARBOR STATEMENT: This presentation release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended. Words or phrases such as, “may,” “should,” “expects,” “could,” “intends,” “plans,” “anticipates,” “estimates,” “believes,” “predicts” or other similar expressions are intended to identify forward-looking statements, which include, without limitation, earnings forecasts, statements relating to our business strategy and statements of expectations, beliefs, future plans and strategies and anticipated developments concerning our industry, business, operations and financial performance and condition.

The forward-looking statements included in this presentation release are based on our current expectations, projections, estimates and assumptions. These statements are only predictions, not guarantees. Such forward-looking statements are subject to numerous risks and uncertainties that are difficult to predict. These risks and uncertainties may cause actual results to differ materially from what is forecast in such forward-looking statements, and include, without limitation, the following: a portion of our bookings may not lead to completed sales, and our ability to convert bookings into revenues at acceptable profit margins; changes in the global financial markets and the availability of capital and the potential for unexpected cancellations or delays of customer orders in our reported backlog; our dependence on our customers’ ability to make required capital investment and maintenance expenditures; risks associated with cost overruns on fixed-fee projects and in taking customer orders for large complex custom engineered products; the substantial dependence of our sales on the success of the oil and gas, chemical, power generation and water management industries; the adverse impact of volatile raw materials prices on our products and operating margins; economic, political and other risks associated with our international operations, including military actions or trade embargoes that could affect customer markets, particularly Middle Eastern markets and global oil and gas producers, and non-compliance with U.S. export/re-export control, foreign corrupt practice laws, economic sanctions and import laws and regulations; our exposure to fluctuations in foreign currency exchange rates, particularly in hyperinflationary countries such as Venezuela; our furnishing of products and services to nuclear power plant facilities; potential adverse consequences resulting from litigation to which we are a party, such as litigation involving asbestos-containing material claims; a foreign government investigation regarding our participation in the United Nations Oil-for-Food Program; expectations regarding acquisitions and the integration of acquired businesses; our foreign subsidiaries autonomously conducting limited business operations and sales in certain countries identified by the U.S. State Department as state sponsors of terrorism; our relative geographical profitability and its impact on our utilization of deferred tax assets, including foreign tax credits; the potential adverse impact of an impairment in the carrying value of goodwill or other intangible assets; our dependence upon third-party suppliers whose failure to perform timely could adversely affect our business operations; the highly competitive nature of the markets in which we operate; environmental compliance costs and liabilities; potential work stoppages and other labor matters; our inability to protect our intellectual property in the U.S., as well as in foreign countries; obligations under our defined benefit pension plans; and other factors described from time to time in our filings with the Securities and Exchange Commission.

All forward-looking statements included in this presentation release are based on information available to us on the date hereof, and we assume no obligation to update any forward-looking statement.

2011 Financial Highlights

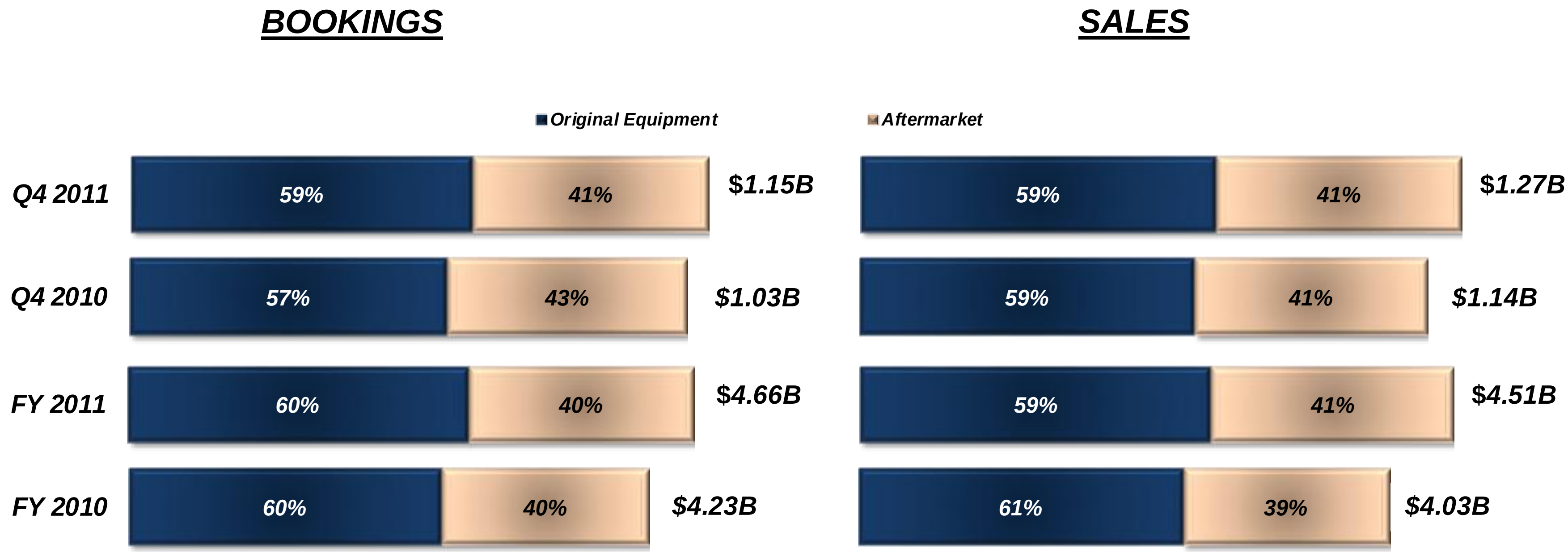
- Reported EPS* of $7.64, up 11.0% versus prior year, up 4.5% excluding currency effects
  - 2011 EPS includes $0.05 of foreign currency benefits versus $0.38 of expenses in 2010 in Other Income / (Expense) and a Q4 tax rate of 30.3%, above our structural rate of 28-30% due to a shift in our income to higher tax countries
- Strong bookings of $4.66 billion, up 10.2% versus prior year, up 6.7% on a constant currency basis
  - Increase in original equipment bookings in FCD and IPD, with aftermarket growth in EPD offsetting challenging original equipment markets, particularly in the oil and gas market
  - Smaller project activity continued improving while large projects remained competitive
  - Record aftermarket bookings of $1.9 billion driven by end user strategies and investments
- Operating margin of 13.7%, down 70 basis points versus prior year
  - Reflects flow through of low margin projects booked in 2010 and early 2011
  - Momentum in short cycle and aftermarket businesses continued through year end
  - Long cycle bid selectivity stabilized margins in backlog and we expect improvement in 2012
  - Managed costs and margins with operational excellence, disciplined project pursuit and successful completion of realignment program
- Largest Q4 backlog since 2008 of $2.69 billion, realigned platform and increased aftermarket has us well positioned for 2012 and beyond

*Calculated using 2011 fully diluted shares of 56.1 million

2011 Milestones

- Continued strategic investments supporting emerging market growth and aftermarket capabilities
- Acquired Lawrence Pumps filling a key product gap with leverage opportunities across our global sale force and aftermarket platform
- Advanced ***One Flowserve*** initiative
  - COO structure brings all operations under one leader
  - Follows successful combination of pumps and seals
  - Leverages end user strategy across all business
- Focused on SG&A reductions, manufacturing optimization and IPD improvement plan
- Announced policy to return 40 - 50% of running two year average of net earnings to shareholders each year in the form of share repurchases and dividends

2011 Bookings & Sales



Bookings

- Bookings in Q4 2011 increased 11.3% over prior year, reflecting solid chemical, oil and gas and general industries markets and continued strong aftermarket

Sales

- Sales in Q4 2011 strengthened 11.0% over prior year reflecting solid original equipment sales and strong aftermarket sales across all divisions

Sources: Flowserve Internal Data

Q4 & Full Year 2011 Consolidated Financial Results

($ millions)	4th Quarter 2010	4th Quarter 2011	4th Quarter Delta ($)	4th Quarter Delta (%)	4th Quarter Constant FX (%)**	Full Year 2010	Full Year 2011	Full Year Delta ($)	Full Year Delta (%)	Full Year Constant FX (%)**
Bookings	$ 1,031.1	$ 1,147.3	$ 116.2	11.3%	12.0%	$ 4,228.9	$ 4,661.9	$ 433.0	10.2%	6.7%
Sales	$ 1,140.4	$ 1,265.4	$ 125.0	11.0%	11.7%	$ 4,032.0	$ 4,510.2	$ 478.2	11.9%	8.3%
Gross Profit	$ 384.5	$ 420.0	$ 35.5	9.2%		$ 1,409.7	$ 1,513.6	$ 103.9	7.4%	
Gross Margin (%)	33.7%	33.2%		(50 bps)		35.0%	33.6%		(140 bps)	
SG&A	$ 224.7	$ 232.5	$ 7.8	3.5%	3.5%	$ 845.0	$ 914.1	$ 69.1	8.2%	5.2%
SG&A (%)	19.7%	18.4%		(130 bps)		21.0%	20.3%		(70 bps)	
Income from Affiliates	$ 4.1	$ 5.8	$ 1.7	41.5%		$ 16.6	$ 19.1	$ 2.5	15.1%	
Operating Income	$ 164.0	$ 193.4	$ 29.4	17.9%	20.4%	$ 581.4	$ 618.7	$ 37.3	6.4%	3.5%
Operating Margin (%)	14.4%	15.3%		90 bps		14.4%	13.7%		(70 bps)	
Adjusted Operating Income*	$ 172.1	$ 195.0	$ 22.9	13.3%		$ 599.7	$ 630.7	$ 31.0	5.2%	
Adjusted Operating Margin (%)*	15.1%	15.4%		30 bps		14.9%	14.0%		(90 bps)	
Other (Expense) / Income, net	$ (3.1)	$ (4.2)	$ (1.1)	(35.5%)		$ (18.3)	$ 3.7	$ 22.0	120.2%	
Tax Expense	$ 40.5	$ 54.6	$ 14.1	34.8%		$ 141.6	$ 158.5	$ 16.9	11.9%	
Net Earnings	$ 112.4	$ 125.1	$ 12.7	11.3%		$ 388.3	$ 428.6	$ 40.3	10.4%	
Diluted EPS	$ 2.00	$ 2.25	$ 0.25	12.5%		$ 6.88	$ 7.64	$ 0.76	11.0%	
Adjusted EPS*	$ 2.11	$ 2.27	$ 0.16	7.6%		$ 7.12	$ 7.80	$ 0.68	9.6%	

- As of 12/31/11, 4.22 million shares (1,482,833 shares Full Year 2011) had been repurchased in conjunction with the company's previously announced buyback programs

* Adjusted operating income and adjusted EPS exclude realignment charges of $8.1 million and $1.6 million for Q4 2010 and Q4 2011, respectively and $18.3 million and $12.0 million for Full Year 2010 and Full Year 2011, respectively

** Constant FX represents the year over year variance assuming 2011 results at 2010 FX rates

Quarterly & Full Year 2011 Cash Flows

($ millions)	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Full Year 2010	Full Year 2011
Net Income	$ 97	$ 99	$ 109	$ 126	$ 389	$ 429
Depreciation and amortization	26	27	27	28	105	108
Change in working capital	(362)	(143)	(70)	218	(162)	(356)
Other	11	8	22	(4)	24	37
Total Operating Activities	**(228)**	**(10)**	**88**	**368**	**356**	**218**
Capital expenditures	(24)	(24)	(23)	(37)	(102)	(108)
Acquisitions & Other	3	0	0	(89)	(185)	(86)
Total Investing Activities	**(21)**	**(24)**	**(23)**	**(126)**	**(287)**	**(194)**
Payments on long-term debt	(6)	(6)	(6)	(6)	(44)	(25)
Dividends	(16)	(18)	(18)	(18)	(64)	(70)
Proceeds of debt or other	8	1	(8)	4	5	5
Repurchase of common shares	(14)	(12)	(15)	(109)	(46)	(150)
Proceeds from stock option activity	0	0	0	0	6	1
Total Financing Activities	**(28)**	**(35)**	**(47)**	**(129)**	**(143)**	**(239)**
Effect of exchange rates	**8**	**2**	**(11)**	**(4)**	**(23)**	**(5)**
Net (Decrease) Increase in Cash	**$ (269)**	**$ (68)**	**$ 7**	**$ 110**	**$ (97)**	**$ (220)**

Flexibility to return 40-50% of net earnings to shareholders while supporting strategic initiatives to grow the business

Selected Uses of Cash

($ millions)	2006	2007	2008	2009	2010	2011
Capital Expenditures	73.5	89.0	126.9	108.4	102.0	108.0
Share Repos/Dividends	63.2	70.5	216.4	100.2	109.6	219.6
U.S. Pension Funding	36.3	16.1	50.8	83.1	33.4	8.9
Debt Repayment*	105.3	2.8	5.7	5.7	44.0	25.0
A/R Factoring / Securitization	(23.0)	5.2	63.9	-	-	-
Net Acquisitions / (Divestitures)	4.3	(11.1)	(7.3)	30.2	188.4	86.2
Realignment	6.6	-	-	22.4	31.8	11.1
Total	**266.2**	**172.5**	**456.4**	**350.0**	**509.2**	**458.8**
Year-End Cash Balance	**67.0**	**373.2**	**472.1**	**654.3**	**557.6**	**337.4**

Disciplined cash deployment strategy used to grow business, return cash to shareholders, strengthen balance sheet and optimize operational platform

* Includes scheduled, mandatory and optional debt repayments

Primary Working Capital

Balances for All Periods as a % of Trailing Twelve Months Sales

	Q4 2010		Q3 2011		Q4 2011	
($ millions)	**$**	**%**	**$**	**%**	**$**	**%**
Receivables	840	20.8%	1,023	23.3%	1,060	23.5%
Inventory, net	887	22.0%	1,077	24.6%	1,008	22.4%
Payables	(571)	(14.2%)	(460)	(10.5%)	(597)	(13.2%)
Primary Working Capital	**1,156**	**28.6%**	**1,640**	**37.4%**	**1,471**	**32.7%**
Advance Cash*	(387)	(9.6%)	(370)	(8.4%)	(379)	(8.4%)
Total	**769**	**19.0%**	**1,270**	**29.0%**	**1,092**	**24.3%**
Backlog	**2,595**		**2,813**		**2,690**	

Accounts Receivable

Accounts Receivable DSO at 75 days in Q4 an improvement of 7 days versus Q3

- ➢ *Driving toward a DSO in the mid 60s*

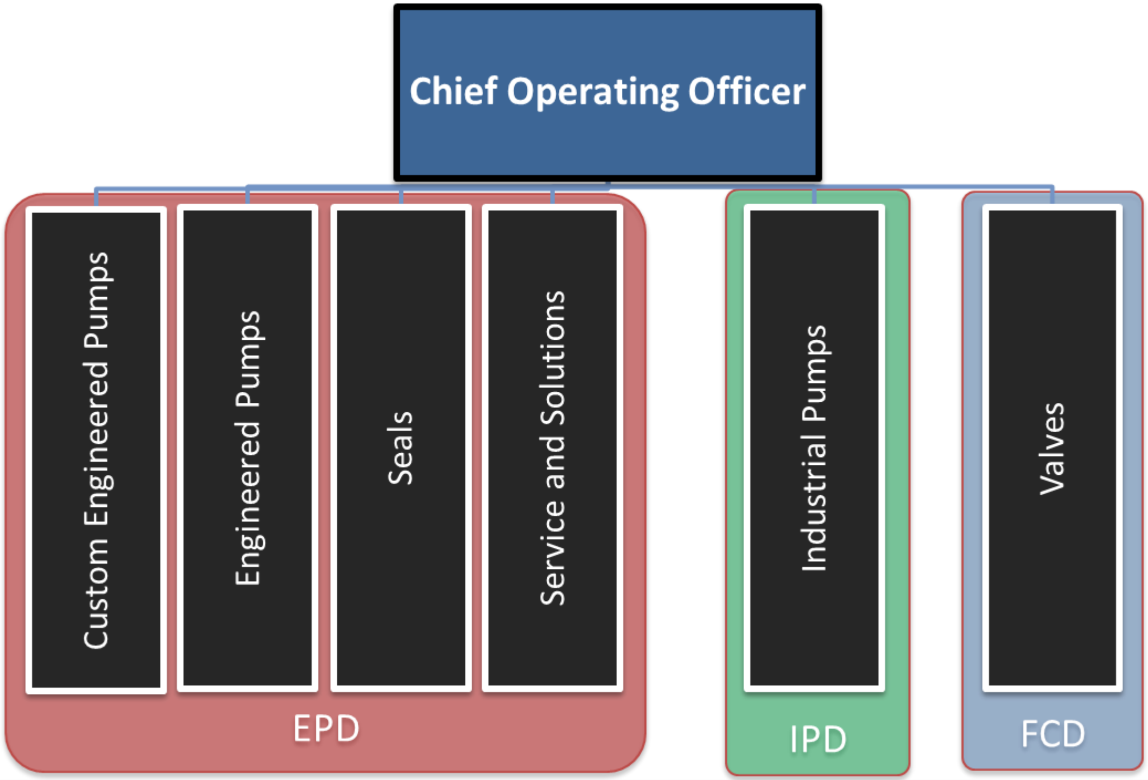
Inventory

Successfully reduced past due backlog in the fourth quarter by over $60 million

- ➢ *Working to decrease past due backlog by another $60 million in 1H12*

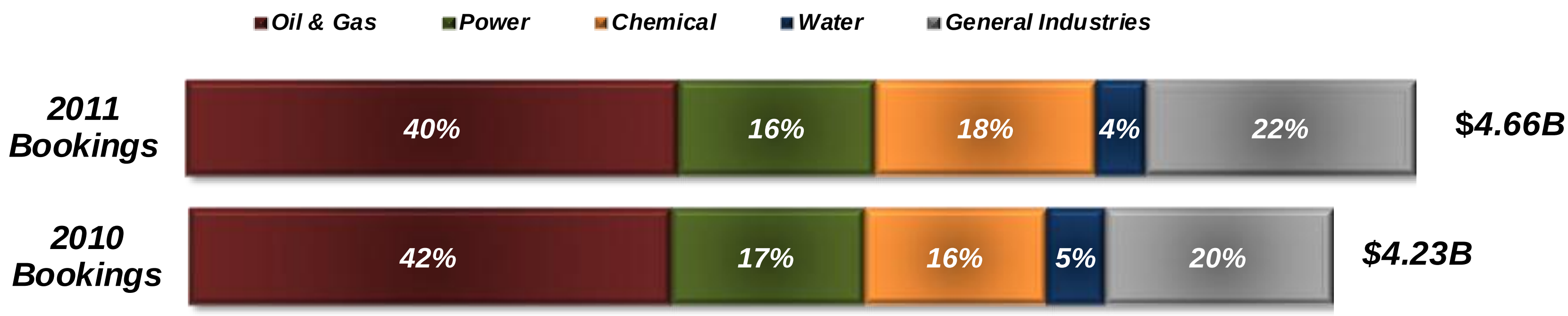
* Advance cash commitments from customers to fund working capital

New Organizational Structure



- ***Next step in evolution to "One Flowserve"***
- ***Focus on global operating platforms***
- ***Drive process definition across each platform***
- ***Manufacturing optimization within the platforms***
- ***Lead Product Organizations (LPO's) develop technology platforms, manufacturing capacity and other core processes***
- ***Located worldwide, secondary manufacturing organizations (SPO's) execute based on LPO processes***

2011 Bookings & Industry Outlook



OIL & GAS

- ✓ Significant shift in capital expenditures by IOCs toward upstream production, including oil sands, subsea and shale
- ✓ Growing focus on natural gas given strong global demand and unconventional supplies; favorable LNG prospects as well
- ✓ Countries such as Saudi Arabia, China, India and Brazil continue to invest in new refineries to meet growing local demand

POWER

- ✓ Solid growth outlook with widespread activity in natural gas and renewables, and coal-fired plants focused in Asia
- ✓ Environmental factors prompt clean energy projects; some investment decisions waiting until requirements finalized
- ✓ Positive momentum in nuclear; US approves first new build nuclear, China intends to withdraw new build ban in 1H 2012

CHEMICAL

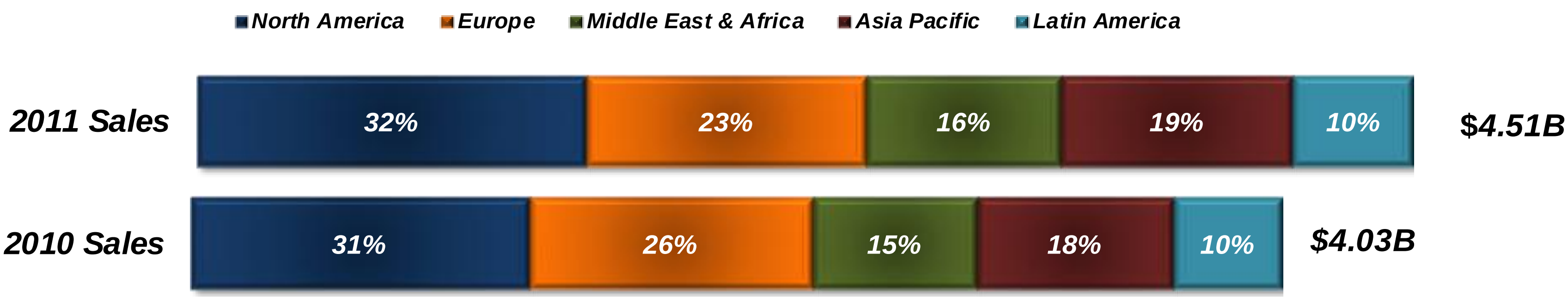
- ✓ Expansion in chemical industry continues, mainly in emerging markets; China building for local consumption
- ✓ US focus on conversions, upgrades to leverage natural gas feedstock; MRO key in all mature markets

MINING

- ✓ Global commodities demand supports continued mining investment, particularly in Latin America, Africa and Asia

Sources: GlobalData, IEA, Platts, World Nuclear Association, ICIS.com, DesalData (GWI), Industrial Info Resources, Flowserve Internal Data

2011 Sales & Regional Outlook



MIDDLE EAST

- ✓ *Refining and petrochemical investment continues as region pursues economic development via exports and downstream growth*
- ✓ *Power and desalination project activity on the rise; South Korean EPCs establishing notable presence in Middle East energy projects*
- ✓ *Market dampened somewhat by political turbulence in the region*

ASIA PACIFIC

- ✓ *Region remains global growth engine; China's expansion easing, country plans fresh pro-growth measures*
- ✓ *Rapid expansion forecasted in China petrochemicals; industry regarded as platform for national economic expansion*
- ✓ *Majority of world's planned new power capacity based in China, India and rest of Asia*

LATIN AMERICA

- ✓ *Favorable energy investment climate given ample resource base and strong demand*
- ✓ *Some spending delays due to structural challenges related to government policy, infrastructure and equipment sourcing*

Strong geographic diversification and platform repositioning into emerging markets driving sales growth

Sources: Economist Intelligence Unit, Industrial Info Resources, GlobalData, Platts, ICIS.com, DesalData (GWI), Wall Street Journal, Flowserve Internal Data

Engineered Product Division
Q4 & Full Year 2011 Segment Results

($ millions)	4th Quarter					Full Year				
	2010	2011	Delta ($)	Delta (%)	Constant FX (%)**	2010	2011	Delta ($)	Delta (%)	Constant FX (%)**
Bookings	$ 525.6	$ 590.0	$ 64.4	12.3%	13.8%	$ 2,242.0	$ 2,333.5	$ 91.5	4.1%	1.2%
Sales	$ 585.1	$ 666.1	$ 81.0	13.8%	15.2%	$ 2,152.7	$ 2,321.4	$ 168.7	7.8%	4.7%
Gross Profit	$ 207.8	$ 230.1	$ 22.3	10.7%		$ 782.9	$ 803.4	$ 20.5	2.6%	
Gross Margin (%)	35.5%	34.5%		(100 bps)		36.4%	34.6%		(180 bps)	
SG&A	$ 99.9	$ 109.1	$ 9.2	9.2%	10.2%	$ 383.7	$ 421.6	$ 37.9	9.9%	6.8%
SG&A (%)	17.1%	16.4%		(70 bps)		17.8%	18.2%		40 bps	
Income from Affiliates	$ 3.3	$ 3.9	$ 0.6	18.2%		$ 13.4	$ 13.4	$ -	0.0%	
Operating Income	$ 111.2	$ 124.8	$ 13.6	12.2%	14.9%	$ 412.6	$ 395.2	$ (17.4)	(4.2%)	(6.4%)
Operating Margin (%)	19.0%	18.7%		(30 bps)		19.2%	17.0%		(220 bps)	
Adjusted Operating Income*	$ 112.4	$ 124.9	$ 12.5	11.1%		$ 414.3	$ 395.4	$ (18.9)	(4.6%)	
Adjusted Operating Margin (%)*	19.2%	18.8%		(40 bps)		19.2%	17.0%		(220 bps)	

* Adjusted operating income excludes realignment charges of $1.2 million and $0.1 million for Q4 2010 and Q4 2011, respectively, and $1.7 million and $0.2 million for Full Year 2010 and Full Year 2011, respectively

** Constant FX represents the year over year variance assuming 2011 results at 2010 FX rates

Engineered Product Division
Q4 & Full Year 2011 Bookings and Sales

($ millions)		4th Quarter				Full Year			
		2010	2011	Delta (%)	Constant FX (%)*	2010	2011	Delta (%)	Constant FX (%)*
Bookings Mix **	OE	184 35%	224 38%	22% 300 bps	25%	942 42%	910 39%	(3%) (300 bps)	(6%)
	AM	342 65%	366 62%	7% (300 bps)	8%	1,300 58%	1,423 61%	9% 300 bps	6%
Sales Mix **	OE	234 40%	266 40%	14% 0 bps	16%	947 44%	929 40%	(2%) (400 bps)	(5%)
	AM	351 60%	400 60%	14% 0 bps	15%	1,206 56%	1,393 60%	16% 400 bps	13%

End user strategy successfully driving aftermarket growth

* Constant FX represents the year over year variance assuming 2011 results at 2010 FX rates
** Gross bookings and sales do not include interdivision eliminations

Engineered Product Division Overview

- Bookings increased 4.1%, or 1.2% on a constant currency basis, driven by an increase in the power and chemical markets
  - Bookings growth driven by activity in Latin America, Asia Pacific and North America partially offset by a decrease in Europe, the Middle East and Africa ("EMA")
- Sales increased 7.8%, or 4.7% on a constant currency basis, due primarily to increased aftermarket activity in North America and Latin America and original equipment sales in Asia Pacific, partially offset by lower sales in EMA
- Gross margin decreased 180 basis points due to the effect of certain large projects at low margins, negative impact of currency on margins and incremental charges associated with certain projects that have not shipped or shipped late, partially offset by a sales mix shift towards higher margin aftermarket sales
- Acquired Lawrence Pumps – Fills key niche product gap, strengthening the oil and gas and petrochemical pump platform with strong, previously unserved aftermarket opportunities

Industrial Product Division
Q4 & Full Year 2011 Segment Results

($ millions)	4th Quarter 2010	4th Quarter 2011	4th Quarter Delta ($)	4th Quarter Delta (%)	4th Quarter Constant FX (%)**	Full Year 2010	Full Year 2011	Full Year Delta ($)	Full Year Delta (%)	Full Year Constant FX (%)**
Bookings	$ 219.2	$ 230.9	$ 11.7	5.3%	5.3%	$ 827.5	$ 905.4	$ 77.9	9.4%	5.9%
Sales	$ 228.9	$ 261.7	$ 32.8	14.3%	13.9%	$ 800.2	$ 878.2	$ 78.0	9.7%	6.1%
Gross Profit	$ 58.1	$ 57.2	$ (0.9)	(1.5%)		$ 204.7	$ 197.5	$ (7.2)	(3.5%)	
Gross Margin (%)	25.4%	21.9%		(350 bps)		25.6%	22.5%		(310 bps)	
SG&A	$ 36.0	$ 33.5	$ (2.5)	(6.9%)	(6.9%)	$ 136.2	$ 134.6	$ (1.6)	(1.2%)	(4.8%)
SG&A (%)	15.7%	12.8%		(290 bps)		17.0%	15.3%		(170 bps)	
Income from Affiliates	$ -	$ -	$ -	-		$ -	$ -	$ -	-	
Operating Income	$ 22.1	$ 23.7	$ 1.6	7.2%	7.1%	$ 68.5	$ 62.9	$ (5.6)	(8.2%)	(11.1%)
Operating Margin (%)	9.6%	9.1%		(50 bps)		8.6%	7.2%		(140 bps)	
Adjusted Operating Income*	$ 25.6	$ 25.5	$ (0.1)	(0.4%)		$ 77.4	$ 74.9	$ (2.5)	(3.2%)	
Adjusted Operating Margin (%)*	11.2%	9.7%		(150 bps)		9.7%	8.5%		(120 bps)	

* Adjusted operating income excludes realignment and IPD recovery charges of $3.5 million and $1.8 million for Q4 2010 and Q4 2011, respectively and $8.9 million and $12.0 million for Full Year 2010 and Full Year 2011, respectively

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Industrial Product Division
Q4 & Full Year 2011 Bookings and Sales

($ millions)		4th Quarter 2010	4th Quarter 2011	4th Quarter Delta (%)	4th Quarter Constant FX (%)*	Full Year 2010	Full Year 2011	Full Year Delta (%)	Full Year Constant FX (%)*
Bookings Mix **	OE	158 72%	159 69%	1% (300 bps)	1%	562 68%	616 68%	10% 0 bps	6%
	AM	61 28%	72 31%	18% 300 bps	18%	265 32%	290 32%	9% 0 bps	5%
Sales Mix **	OE	160 70%	183 70%	14% 0 bps	14%	552 69%	588 67%	7% (200 bps)	3%
	AM	69 30%	79 30%	14% 0 bps	14%	248 31%	290 33%	17% 200 bps	12%

Business improvement with strong booking and sales growth

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Industrial Product Division Overview

- Bookings increased 9.4%, or 5.9% on a constant currency basis, driven by activity in EMA and Australia in the general and chemical industries, partially offset by a decrease in bookings in water
- Sales increased 9.7%, or 6.1% on a constant currency basis, driven by increased original equipment sales in the Americas, partially offset by lower sales in EMA and Australia
- Gross margin decreased 310 basis points driven by less favorable pricing on projects shipped from backlog, increased material costs and charges related to the IPD recovery plan, partially offset by increased savings realized from realignment programs and mix shift to higher margin aftermarket sales
  - Total realignment expense of $4.8 million in 2011
- IPD recovery plan remains on track as business environment continues to strengthen and realigned operations gain momentum
  - IPD recovery plan expense of $7.2 million in 2011

Flow Control Division
Q4 & Full Year 2011 Segment Results

	4th Quarter					Full Year				
($ millions)	2010	2011	Delta ($)	Delta (%)	Constant FX (%)**	2010	2011	Delta ($)	Delta (%)	Constant FX (%)**
Bookings	$ 327.8	$ 377.6	$ 49.8	15.2%	15.5%	$ 1,306.6	$ 1,603.0	$ 296.4	22.7%	18.6%
Sales	$ 360.1	$ 380.3	$ 20.2	5.6%	5.9%	$ 1,197.5	$ 1,473.3	$ 275.8	23.0%	19.0%
Gross Profit	$ 119.1	$ 132.7	$ 13.6	11.4%		$ 422.3	$ 511.5	$ 89.2	21.1%	
Gross Margin (%)	33.1%	34.9%		180 bps		35.3%	34.7%		(60 bps)	
SG&A	$ 67.4	$ 72.6	$ 5.2	7.7%	7.7%	$ 245.1	$ 283.9	$ 38.8	15.8%	12.2%
SG&A (%)	18.7%	19.1%		40 bps		20.5%	19.3%		(120 bps)	
Income from Affiliates	$ 0.8	$ 1.9	$ 1.1	137.5%		$ 3.2	$ 5.7	$ 2.5	78.1%	
Operating Income	$ 52.5	$ 62.1	$ 9.6	18.3%	20.2%	$ 180.4	$ 233.3	$ 52.9	29.3%	25.4%
Operating Margin (%)	14.6%	16.3%		170 bps		15.1%	15.8%		70 bps	
Adjusted Operating Income*	$ 54.8	$ 61.8	$ 7.0	12.8%		$ 186.6	$ 233.4	$ 46.8	25.1%	
Adjusted Operating Margin (%)*	15.2%	16.3%		110 bps		15.6%	15.8%		20 bps	

* Adjusted operating income excludes realignment charges, net of adjustments, of $2.3 million and ($0.3) million for Q4 2010 and Q4 2011, respectively and $6.2 million and $0.1 million Full Year 2010 and Full Year 2011, respectively

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Flow Control Division
Q4 & Full Year 2011 Bookings and Sales

($ millions)		4th Quarter 2010	4th Quarter 2011	4th Quarter Delta (%)	4th Quarter Constant FX (%)*	Full Year 2010	Full Year 2011	Full Year Delta (%)	Full Year Constant FX (%)*
Bookings Mix **	OE	269 82%	325 86%	21% 400 bps	21%	1,098 84%	1,379 86%	26% 200 bps	21%
	AM	59 18%	53 14%	(10%) (400 bps)	(10%)	209 16%	224 14%	7% (200 bps)	5%
Sales Mix **	OE	302 84%	323 85%	7% 100 bps	7%	1,018 85%	1,252 85%	23% 0 bps	19%
	AM	58 16%	57 15%	(2%) (100 bps)	(2%)	180 15%	221 15%	23% 0 bps	20%

Short cycle strength reflected in strong original equipment and aftermarket bookings and sales

* Constant FX represents the year over year variance assuming 2011 results at 2010 FX rates
** Gross bookings and sales do not include interdivision eliminations

Flow Control Division Overview

- Bookings increased 22.7%, or 18.6% on a constant currency basis, driven by strength in the oil and gas industry, primarily in EMA and Asia Pacific, and increased bookings in the chemical and general industries
  - Bookings growth partially offset by decreases in the power generation industry due primarily to a slowdown in global nuclear power projects
- Sales increased 23.0%, or 19.0% on a constant currency basis, primarily in EMA reflecting continued recovery in the oil and gas industry and included increased Valbart sales of $75 million
- Gross margin decreased 60 basis points primarily due to increased material costs, partially offset by increased absorption of fixed costs and various CIP initiatives
- Strong 2011 book to bill of 1.09 increased backlog 15.4% as compared to prior year

2012 Outlook

Cash use priorities in 2012

- Expected 40 – 50% of running 2-year average net earnings returned to shareholders
  - Increased quarterly dividend 12.5% from $0.32/share to $0.36/share, effective Q2 2012
- Estimated capital expenditures to be $120 million - $130 million
- Estimated U.S. pension fund contributions to be $20 million - $25 million
- Scheduled debt principal reduction of $25 million
- Other strategic opportunities, after disciplined analysis

Revenue Growth

- Expect growth of 5 – 7%, excluding impact of potential attractive acquisitions which may arise

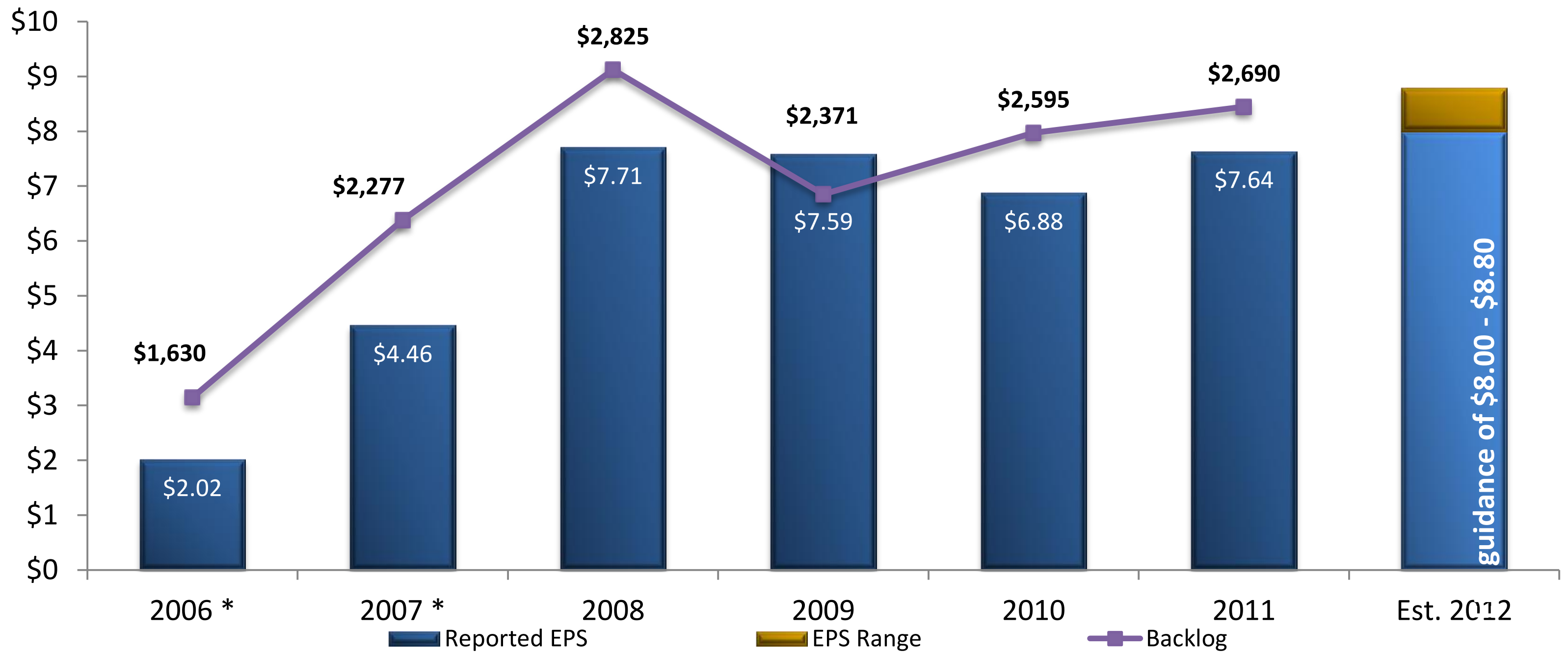
Working Capital

- Execute on working capital initiatives to ship targeted past due backlog and work with customers to collect receivables

Currency issues

- Closely monitoring US dollar fluctuations versus world currencies for earnings volatility

2012 EPS Guidance



- Strong backlog supports approximately 10% earnings growth in 2012 at the midpoint
- Similar to prior year, 2012 earnings will be second half weighted, first half 2012 will be further impacted by low margin shipments from past due backlog and the strong dollar
  - Negative translation impact expected given 1H 2011 EUR/USD of 1.4 vs. YTD 2012 rate of 1.3
  - Transaction benefit in Q1 2011 of $0.11 not expected to recur if current rates continue

* EPS amounts for 2006 and 2007 have not been retrospectively adjusted to reflect the adoption of the two class method of calculating earnings per share under ASC 260, “Earnings Per Share” which was effective January 1, 2009. The impact of adoption was a decrease to EPS of $0.01 for 2006 and $0.02 for 2007.

Reaffirm 2012 full year EPS target range of $8.00 to $8.80

QUESTIONS AND ANSWERS

NON-GAAP RECONCILIATION

Divisional Adjusted Operating Income

($ millions)	Q4 2011		
	EPD	**IPD**	**FCD**
Reported GAAP Operating Income	$124.8	$23.7	$62.1
Realignment Charges	0.1	1.8	-0.3
Adjusted Operating Income	$124.9	$25.5	$61.8

($ millions)	Full Year		
	EPD	**IPD**	**FCD**
Reported GAAP Operating Income	$395.2	$62.9	$233.3
Realignment Charges	0.2	12.0	0.1
Adjusted Operating Income	$395.4	$74.9	$233.4

Note: Flowserve supplements its reporting of operating income determined in accordance with U.S. generally accepted accounting principals ("GAAP") by using adjusted operating income. Flowserve's adjusted operating income reflects management's judgment of particular items and may not be comparable to similarly titled measures reported by other companies.

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Consolidated Adjusted Operating Income and EPS

($ millions except per share amounts)	Q4 2011 Operating Income	Q4 2011 Diluted EPS	Full Year Operating Income	Full Year Diluted EPS
Reported GAAP	$193.4	$2.25	$618.7	$7.64
Realignment Charges	$1.6	$0.02	$12.0	$0.16
Adjusted	$195.0	$2.27	$630.7	$7.80

Note: Flowserve supplements its reporting of operating income and diluted earnings per share determined in accordance with U.S. generally accepted accounting principals ("GAAP") by using adjusted operating income and adjusted diluted earnings per share. Flowserve's adjusted operating income and adjusted diluted earnings per share reflect management's judgment of particular items and may not be comparable to similarly titled measures reported by other companies.