

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

**FORM 8-K**

**CURRENT REPORT**  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **May 7, 2020**

**FLOWERVE CORPORATION**  
(Exact Name of Registrant as Specified in its Charter)

**New York**  
(State or Other Jurisdiction  
of Incorporation)

**001-13179**  
(Commission File Number)

**31-0267900**  
(IRS Employer  
Identification No.)

**5215 N. O'Connor Blvd., Suite 2300, Irving, Texas**  
(Address of Principal Executive Offices)

**75039**  
(Zip Code)

**(972) 443-6500**  
(Registrant's telephone number, including area code)

**N/A**  
(Former Name or Former Address, if Changed Since Last Report)

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, \$1.25 Par Value	FLS	New York Stock Exchange
1.25% Senior Notes due 2022	FLS22A	New York Stock Exchange

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth 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.

**Item 2.02 Results of Operations and Financial Condition.**

On May 7, 2020, Flowserve Corporation, a New York corporation (the “Company”), issued a press release announcing financial results for its first quarter ended March 31, 2020. A copy of this press release is attached as Exhibit 99.1 and incorporated herein by reference.

The information in this Item 2.02 of Form 8-K and in Exhibit 99.1 attached hereto is furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference.

**Item 7.01 Regulation FD Disclosure.**

On May 8, 2020, the Company will make a presentation about its financial and operating results for the first quarter of 2020, as noted in the press release described in Item 2.02 above. The Company has posted the presentation on its website at <http://www.flowserve.com> under the “Investor Relations” section.

The information in this Item 7.01 of Form 8-K is furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
<a href="#">99.1</a>	<a href="#">Press Release, dated May 7, 2020.</a>

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**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 hereunto duly authorized.

FLOWSERVE CORPORATION

Dated: May 7, 2020

By: /s/ AMY B. SCHWETZ  
Amy B. Schwetz  
Senior Vice President, Chief Financial Officer

## FlowsERVE Corporation Reports First Quarter 2020 Results and Updates COVID-19 Response

- **Taking action in response to COVID-19 while executing on FlowsERVE 2.0 transformation**
- **Bookings of \$976.9 million produced a book-to-bill over 1.09 and backlog growth of 1.2%**
- **First Quarter GAAP EPS was break-even, and Adjusted EPS of \$0.21, reflecting significant impact of COVID-19 and associated temporary site closures of approximately \$0.19 per share**
- **Delivered solid free cash flow of \$30 million in seasonally weak first quarter with continued strong liquidity in excess of \$1.3 billion**
- **Initiating \$100 million of aggressive cost actions, including both structural and temporary 2020 initiatives in response to current market environment**

DALLAS--(BUSINESS WIRE)--May 7, 2020--FlowsERVE Corporation (NYSE: FLS), a leading provider of flow control products and services for the global infrastructure markets, today announced its financial results for the first quarter ended March 31, 2020.

### **First Quarter 2020 Highlights** (all comparisons to the 2019 first quarter, unless otherwise noted)

- Reported Earnings Per Share (EPS) of \$0.00 and Adjusted EPS<sup>[1]</sup> of \$0.21, down 48.8%
    - Reported EPS includes after-tax adjusted items of approximately \$28 million, including realignment, transformation, below-the-line foreign exchange impacts and certain non-cash impairments
    - Both reported and Adjusted EPS include the impact of COVID-19 of approximately \$74 million and \$25 million of deferred revenue and profit, respectively, as well as \$8.4 million of discrete costs in the quarter
  - Total bookings were \$976.9 million, down 8.4%, or 6.6% on a constant currency basis
    - Original equipment bookings were \$474.8 million, or 49% of total bookings, down 14.6%, or 12.9% on a constant currency basis
    - Aftermarket bookings were \$502.0 million, or 51% of total bookings, down 1.7%, or up 0.3% on a constant currency basis
  - Sales were \$894.5 million, up 0.5%, or 2.2% on a constant currency basis
    - Original equipment sales were \$452.3 million, up 7.7%, or 9.5% on a constant currency basis
    - Aftermarket sales were \$442.2 million, down 6.0%, or 4.3% on a constant currency basis
  - Reported gross and operating margins were 29.7% and 2.9%, respectively
    - Adjusted gross and operating margins<sup>[2]</sup> were 30.8% and 5.9%, respectively
  - Backlog at March 31, 2020 was \$2.18 billion, up 1.2% compared to December 31, 2019
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“Flowserve’s products and services are classified as essential in the majority of the locations in which we operate, and while most of our operating facilities have been impacted to varying degrees, we have taken extraordinary precautions to maintain business continuity and protect our associates,” said Scott Rowe, Flowserve’s president and chief executive officer. “Despite significant disruption in the first quarter and in early April, we have most of our facilities open and operational with the exception of our Indian manufacturing locations. As a company, we are rapidly adapting to this new environment across the globe and improving our ability to operate every day. Additionally, we are aggressively taking cost out of our business to ensure our cost structure aligns with the current environment. While we expect further disruption due to the ongoing market uncertainty, our core strategy remains in place, and we continue to build on the fundamental operational improvements that began with our Flowserve 2.0 transformation journey.”

Rowe added, “The health and safety of our associates, suppliers and customers has remained Flowserve’s highest priority as we take action to manage the unprecedented impact from this global pandemic. I am extremely proud of our global leadership teams who, in the face of significant uncertainty and disruption, remain focused on delivering critical support, products and services that our customers expect.”

### **Liquidity and Capital Priorities**

Flowserve maintained a strong balance sheet, ending the first quarter with available liquidity of \$1.3 billion, including \$622 million of cash and cash equivalents and \$721 million of available capacity under the company’s revolving credit facility. Flowserve also maintains an investment grade credit rating and has no material debt maturities until March 2022. We are confident in our ability to generate free cash flow and have already taken actions to preserve cash, including elimination of merit increases and non-essential travel, initiating a hiring freeze, and reducing other discretionary spending, as well as plans to keep our capital expenditures below \$60 million in 2020. Additionally, we will continue to take further actions to right-size our operations to the current market environment as we work through the customer commitments in our backlog.

### **Outlook**

Rowe concluded, “Despite the magnitude of this crisis, we are better positioned to navigate this environment thanks to the progress we have made on our Flowserve 2.0 transformation, and I am confident we will continue to build on our achievements in the new environment. While our markets have been significantly impacted, our underlying financial position remains strong and we expect to deliver our robust backlog, continue to support our customers, and provide service and support for our global installed base of equipment. We are committed to taking the necessary measures to best position Flowserve to drive long-term value creation for our customers, associates and shareholders.”

As announced on April 6, 2020, Flowserve withdrew its full year 2020 guidance in light of the significant market uncertainty as a result of the COVID-19 pandemic, and its related affects.

### **First Quarter 2020 Results Conference Call**

Flowserve will host its conference call with the financial community on Friday, May 8<sup>th</sup> at 11:00 AM Eastern. Scott Rowe, president and chief executive officer, as well as other members of the management team will be presenting. The call can be accessed by shareholders and other interested parties at [www.flowserve.com](http://www.flowserve.com) under the “Investor Relations” section.

[1] See Reconciliation of Non-GAAP Measures table for detailed reconciliation of reported results to adjusted measures.

[2] Adjusted gross and operating margins are calculated by dividing adjusted gross profit and adjusted operating income, respectively, by revenues. Adjusted gross profit and adjusted operating income are derived by excluding the adjusted items. See reconciliation of Non-GAAP Measures table for detailed reconciliation.

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## About Flowserve

Flowserve Corp. is one of the world's leading providers of fluid motion and control products and services. Operating in more than 50 countries, the company produces engineered and industrial pumps, seals and valves as well as a range of related flow management services. More information about Flowserve can be obtained by visiting the company's Web site at [www.flowserve.com](http://www.flowserve.com).

**Safe Harbor Statement:** This news 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," "forecasts," "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 news 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: the impact of the global outbreak of COVID-19 on our business and operations; 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 global economic conditions 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; if we are not able to successfully execute and realize the expected financial benefits from our strategic transformation and realignment initiatives, our business could be adversely affected; 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, trade embargoes, epidemics or pandemics or changes to tariffs or trade agreements that could affect customer markets, particularly North African, Russian and 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; increased aging and slower collection of receivables, particularly in Latin America and other emerging markets; our exposure to fluctuations in foreign currency exchange rates, including in hyperinflationary countries such as Venezuela and Argentina; our furnishing of products and services to nuclear power plant facilities and other critical processes; potential adverse consequences resulting from litigation to which we are a party, such as litigation involving asbestos-containing material claims; expectations regarding acquisitions and the integration of acquired businesses; 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; access to public and private sources of debt financing; our inability to protect our intellectual property in the U.S., as well as in foreign countries; obligations under our defined benefit pension plans; our internal control over financial reporting may not prevent or detect misstatements because of its inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud; the recording of increased deferred tax asset valuation allowances in the future or the impact of tax law changes on such deferred tax assets could affect our operating results; our information technology infrastructure could be subject to service interruptions, data corruption, cyber-based attacks or network security breaches, which could disrupt our business operations and result in the loss of critical and confidential information; ineffective internal controls could impact the accuracy and timely reporting of our business and financial results; and other factors described from time to time in our filings with the Securities and Exchange Commission.

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

The Company reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). However, management believes that non-GAAP financial measures which exclude certain non-recurring items present additional useful comparisons between current results and results in prior operating periods, providing investors with a clearer view of the underlying trends of the business. Management also uses these non-GAAP financial measures in making financial, operating, planning and compensation decisions and in evaluating the Company's performance. Throughout our materials we refer to non-GAAP measures as "Adjusted." Non-GAAP financial measures, which may be inconsistent with similarly captioned measures presented by other companies, should be viewed in addition to, and not as a substitute for, the Company's reported results prepared in accordance with GAAP.

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**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
**(Unaudited)**

(Amounts in thousands, except per share data)

	<b>Three Months Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Sales	\$ 894,457	\$ 890,051
Cost of sales	(628,480)	(595,975)
Gross profit	265,977	294,076
Selling, general and administrative expense	(243,621)	(205,154)
Net earnings from affiliates	3,196	2,309
Operating income	25,552	91,231
Interest expense	(12,963)	(14,031)
Interest income	1,749	2,023
Other income (expense), net	23,462	(3,140)
Earnings before income taxes	37,800	76,083
Provision for income taxes	(36,310)	(16,587)
Net earnings, including noncontrolling interests	1,490	59,496
Less: Net earnings attributable to noncontrolling interests	(2,100)	(2,235)
Net earnings (loss) attributable to Flowserve Corporation	\$ (610)	\$ 57,261
Net earnings (loss) per share attributable to Flowserve Corporation common shareholders:		
Basic	\$ -	\$ 0.44
Diluted	-	0.44

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**RECONCILIATION OF NON-GAAP MEASURES**  
**(Unaudited)**

(Amounts in thousands, except per share data)	<b>Three Months Ended March 31, 2020</b>			
	<u>As Reported (a)</u>	<u>Realignment (1)</u>	<u>Other Items</u>	<u>As Adjusted</u>
Sales	\$ 894,457	\$ -	\$ -	\$ 894,457
Gross profit	265,977	(9,460)	-	275,437
<i>Gross margin</i>	29.7%	-	-	30.8%
Selling, general and administrative expense	(243,621)	(1,278)	(16,083) (3)	(226,260)
Operating income	25,552	(10,738)	(16,083)	52,373
<i>Operating income as a percentage of sales</i>	2.9%	-	-	5.9%
Interest and other expense, net	12,248	-	25,653 (4)	(13,405)
Earnings before income taxes	37,800	(10,738)	9,570	38,968
Provision for income taxes	(36,310)	962 (2)	(27,720) (5)	(9,552)
<i>Tax Rate</i>	96.1%	9.0%	289.7%	24.5%
<b>Net earnings (loss) attributable to Flowserve Corporation</b>	<b>\$ (610)</b>	<b>\$ (9,776)</b>	<b>\$ (18,150)</b>	<b>\$ 27,316</b>
Net earnings (loss) per share attributable to Flowserve Corporation common shareholders:				
Basic	\$ -	\$ (0.07)	\$ (0.14)	\$ 0.21
Diluted	-	(0.07)	(0.14)	0.21
Basic number of shares used for calculation	130,731	130,731	130,731	130,731
Diluted number of shares used for calculation	130,731	131,573	131,573	131,573

(a) Reported in conformity with U.S. GAAP

**Notes:**

- (1) Represents realignment expense incurred as a result of realignment programs.
- (2) Includes tax impact of items above.
- (3) Includes \$5.6 million related to Flowserve 2.0 transformation efforts and \$10.4 million related to discrete asset write-downs.
- (4) Represents below-the-line foreign exchange impacts.
- (5) Includes tax impact of items above, \$25.4 million related to Italian tax valuation allowance and \$2.0 million benefit related to tax reform.

**RECONCILIATION OF NON-GAAP MEASURES  
(Unaudited)**

(Amounts in thousands, except per share data)	<b>Three Months Ended March 31, 2019</b>			
	<b>As Reported (a)</b>	<b>Realignment (1)</b>	<b>Other Items</b>	<b>As Adjusted</b>
Sales	\$ 890,051	\$ -	\$ -	\$ 890,051
Gross profit	294,076	(5,500)	-	299,576
<i>Gross margin</i>	33.0%	-	-	33.7%
Selling, general and administrative expense	(205,154)	17,430	(8,413) (3)	(214,171)
Loss on sale of business	-	-	-	-
Operating income	91,231	11,930	(8,413)	87,714
<i>Operating income as a percentage of sales</i>	10.3%	-	-	9.9%
Interest and other expense, net	(15,148)	-	(2,707) (4)	(12,441)
Earnings before income taxes	76,083	11,930	(11,120)	75,273
Provision for income taxes	(16,587)	(19) (2)	2,711 (5)	(19,279)
<i>Tax Rate</i>	21.8%	0.2%	24.4%	25.6%
<b>Net earnings attributable to Flowserve Corporation</b>	<b>\$ 57,261</b>	<b>\$ 11,911</b>	<b>\$ (8,409)</b>	<b>\$ 53,759</b>
Net earnings per share attributable to Flowserve Corporation common shareholders:				
Basic	\$ 0.44	\$ 0.09	\$ (0.06)	\$ 0.41
Diluted	0.44	0.09	(0.06)	0.41
Basic number of shares used for calculation	130,982	130,982	130,982	130,982
Diluted number of shares used for calculation	131,532	131,532	131,532	131,532

(a) Reported in conformity with U.S. GAAP

**Notes:**

(1) Represents realignment (expense) income incurred as a result of realignment programs. Income in selling, general and administrative due to gains from the sales of non-strategic manufacturing facilities that are included in our Realignment Programs.

(2) Includes tax impact of items above.

(3) Represents Flowserve 2.0 transformation efforts.

(4) Represents below-the-line foreign exchange impacts.

(5) Includes tax impact of items above.

**SEGMENT INFORMATION****(Unaudited)****FLOWSERVE PUMP DIVISION**

(Amounts in millions, except percentages)

	<b>Three Months Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Bookings	\$ 685.1	\$ 750.2
Sales	635.7	609.4
Gross profit	195.8	200.6
Gross profit margin	30.8%	32.9%
SG&A	159.2	122.4
Segment operating income	39.7	80.5
Segment operating income as a percentage of sales	6.2%	13.2%

**FLOW CONTROL DIVISION**

(Amounts in millions, except percentages)

	<b>Three Months Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
Bookings	\$ 296.3	\$ 319.8
Sales	260.3	282.1
Gross profit	74.4	97.7
Gross profit margin	28.6%	34.6%
SG&A	57.7	53.3
Segment operating income	16.7	44.4
Segment operating income as a percentage of sales	6.4%	15.7%

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### First Quarter 2020 - Segment Results

(dollars in millions, comparison vs. 2019 first quarter, unaudited)

	FPD	FCD
Bookings	\$ 685.1	\$ 296.3
- vs. prior year	-8.7%	-7.3%
- on constant currency	-6.7%	-5.8%
Sales	\$ 635.7	\$ 260.3
- vs. prior year	4.3%	-7.7%
- on constant currency	6.2%	-6.4%
Gross Profit	\$ 195.8	\$ 74.4
- vs. prior year	-2.4%	-23.8%
Gross Margin (% of sales)	30.8%	28.6%
- vs. prior year (in basis points)	(210) bps	(600) bps
Operating Income	\$ 39.7	\$ 16.7
- vs. prior year	-50.7%	-62.4%
- on constant currency	-49.3%	-62.6%
Operating Margin (% of sales)	6.2%	6.4%
- vs. prior year (in basis points)	(700) bps	(930) bps
Adjusted Operating Income *	\$ 50.6	\$ 26.4
- vs. prior year	-24.7%	-41.6%
- on constant currency	-23.2%	-41.8%
Adj. Oper. Margin (% of sales)*	8.0%	10.1%
- vs. prior year (in basis points)	(300) bps	(590) bps
Backlog	\$ 1,560.6	\$ 626.0

\* Adjusted Operating Income and Adjusted Operating Margin exclude realignment charges and other specific discrete items

**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**(Unaudited)**

(Amounts in thousands, except par value)

	<b>March 31,</b> <b>2020</b>	<b>December 31,</b> <b>2019</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 622,299	\$ 670,980
Accounts receivable, net of allowance for expected credit losses of \$66,252 and \$53,412, respectively	732,879	795,538
Contract assets, net of allowance for expected credit losses of \$2,681 at March 31, 2020	275,927	272,914
Inventories, net	684,113	660,837
Prepaid expenses and other	110,296	105,101
Total current assets	<u>2,425,514</u>	<u>2,505,370</u>
Property, plant and equipment, net of accumulated depreciation of \$1,007,261 and \$1,013,207, respectively	550,853	572,175
Operating lease right-of-use assets, net	182,464	186,218
Goodwill	1,180,264	1,193,010
Deferred taxes	31,517	54,879
Other intangible assets, net	174,538	180,805
Other assets, net of allowance for expected credit losses of \$100,887 and \$101,439, respectively	216,924	227,185
Total assets	<u>\$ 4,762,074</u>	<u>\$ 4,919,642</u>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 425,795	\$ 447,582
Accrued liabilities	410,783	401,385
Contract liabilities	223,632	216,541
Debt due within one year	8,980	11,272
Operating lease liabilities	36,841	36,108
Total current liabilities	<u>1,106,031</u>	<u>1,112,888</u>
Long-term debt due after one year	1,357,108	1,365,977
Operating lease liabilities	147,031	151,523
Retirement obligations and other liabilities	466,479	473,295
Shareholders' equity:		
Common shares, \$1.25 par value	220,991	220,991
Shares authorized – 305,000		
Shares issued – 176,793		
Capital in excess of par value	497,721	501,045
Retained earnings	3,661,579	3,695,862
Treasury shares, at cost – 47,002 and 46,262 shares, respectively	(2,069,063)	(2,051,583)
Deferred compensation obligation	8,324	8,334
Accumulated other comprehensive loss	(660,122)	(584,292)
Total Flowserve Corporation shareholders' equity	<u>1,659,430</u>	<u>1,790,357</u>
Noncontrolling interests	25,995	25,602
Total equity	<u>1,685,425</u>	<u>1,815,959</u>
Total liabilities and equity	<u>\$ 4,762,074</u>	<u>\$ 4,919,642</u>

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

(Amounts in thousands)	<b>Three Months Ended March 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash flows – Operating activities:</b>		
Net earnings, including noncontrolling interests	\$ 1,490	\$ 59,496
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	22,166	23,361
Amortization of intangible and other assets	3,121	4,105
Stock-based compensation	14,311	7,609
Foreign currency, asset write downs and other non-cash adjustments	23,065	(15,454)
Change in assets and liabilities:		
Accounts receivable, net	19,137	8,174
Inventories, net	(43,226)	(49,478)
Contract assets, net	(14,462)	1,631
Prepaid expenses and other assets, net	(2,493)	(5,128)
Accounts payable	(7,873)	(15,399)
Contract liabilities	15,705	5,567
Accrued liabilities and income taxes payable	12,204	11,462
Retirement obligations and other	9,738	(652)
Net deferred taxes	(5,581)	3,225
Net cash flows provided (used) by operating activities	<u>47,302</u>	<u>38,519</u>
<b>Cash flows – Investing activities:</b>		
Capital expenditures	(17,310)	(10,638)
Proceeds from disposal of assets and other	10,737	39,211
Net cash flows provided (used) by investing activities	<u>(6,573)</u>	<u>28,573</u>
<b>Cash flows – Financing activities:</b>		
Payments on long-term debt	-	(15,000)
Proceeds under other financing arrangements	3,250	1,660
Payments under other financing arrangements	(3,356)	(2,484)
Repurchases of common shares	(32,112)	-
Payments related to tax withholding for stock-based compensation	(3,137)	(2,861)
Payments of dividends	(26,023)	(24,909)
Other	(2,547)	(192)
Net cash flows provided (used) by financing activities	<u>(63,925)</u>	<u>(43,786)</u>
Effect of exchange rate changes on cash	(25,485)	(5,279)
Net change in cash and cash equivalents	<u>(48,681)</u>	<u>18,027</u>
Cash and cash equivalents at beginning of period	670,980	619,683
Cash and cash equivalents at end of period	<u>\$ 622,299</u>	<u>\$ 637,710</u>

**Contacts**

**Investor Contacts:**

Jay Roueche, Vice President, Investor Relations & Treasurer (972) 443-6560

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**Media Contact:**

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