Flowserve Q2 2011 Earnings Conference Call

July 28, 2011

Experience In Motion

Special Note

SAFE HARBOR STATEMENT: This presentation 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," "projects," "predicts," "plans," "anticipates," "estimates," "believes," "forecasts," 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 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; our dependence on our customers' ability to make required capital investment and maintenance expenditures; 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; 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 petroleum, chemical, power and water industries; the adverse impact of volatile raw materials prices on our products and operating margins; our ability to execute and realize the expected financial benefits from our strategic realignment initiatives; 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 petroleum 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 rates, particularly in hyperinflationary countries such as Venezuela; 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; 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 intangibles; 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 are based on information available to us on the date hereof, and we assume no obligation to update any forward-looking statement.

Business Overview

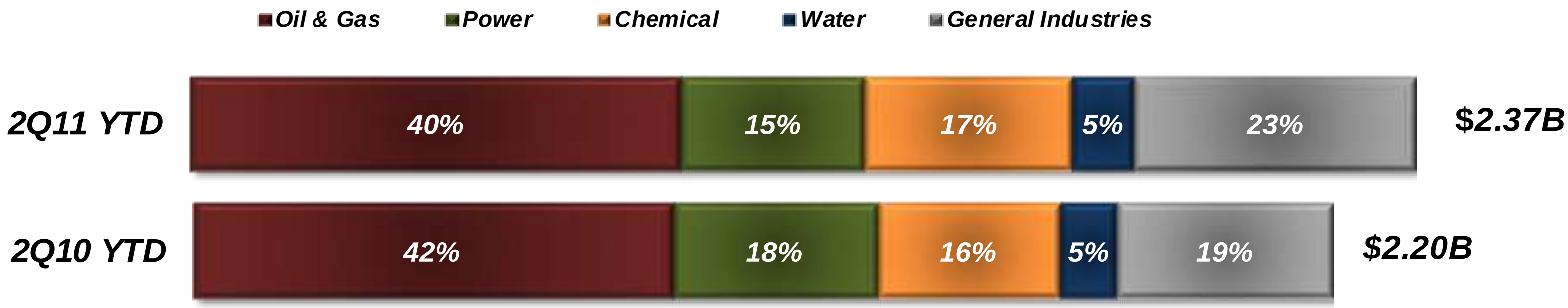
- In spite of challenging global conditions and significant late cycle exposure, we continue to deliver on our commitments to customers and shareholders
- Improvement in short cycle business driven by increased volumes as economic activity increases, distributor restocking continues and capacity utilization increases primarily in the chemical sector
- Aftermarket activity continues to improve with increased maintenance and repair spend and ongoing strategic investments in emerging and developed market strategies
- Long cycle business continues to be competitive
  - Continue to experience project award delays but anticipate improved project activity in late 2011 and 2012 as process sector outlook remains favorable
  - Pricing has firmed with selective bidding, but excess capacity is expected to constrain pricing improvement
  - Uncertainty in nuclear power as countries evaluate nuclear strategy
  - Continuing to monitor MENA for potential short term financial and bookings impact
- Focus in second half on backlog execution and capitalize on positive market trends
- Flowserve has weathered the down cycle and is well positioned to profitably grow

Q2 2011 Highlights

- Reported EPS* of $1.76, including $0.18 impact from realignment charges and costs related to a penalty assessed by a Spanish regulatory commission, partially offset by $0.07 of currency benefit related to cash flow hedges in Other Income / (Expense)
  - Disruption in the Middle East and North Africa (“MENA”) reduced EPS roughly $0.03 in Q2
- Strong Bookings of $1.21 billion, up 6.8% versus Q2 2010, down 0.3% on a constant currency basis, includes impact of large, non-recurring oil and gas order in Q2 2010
  - Aftermarket bookings of $473 million driven by increased customer maintenance and improved economic activity
  - Continued recovery in short cycle original equipment
  - While long cycle project activity remains highly competitive, certain aspects continue to improve
- Reported operating margin of 12.4%, down 280 basis points versus prior year
  - Adjusted operating margins of 13.9% excluding realignment charges, a Spanish regulatory penalty and the margin effect of Valbart operations
  - Margins reflect lower margins in long cycle backlog at the end of 2010 as compared to backlog entering 2010, realignment charges, a Spanish regulatory penalty, incremental costs from a small number of projects that have not yet shipped and the impact of MENA, partially offset by realignment savings, cost controls and solid aftermarket
  - Pricing trends firming as function of selective bidding on long cycle projects and volume improvements in the short cycle business
- Backlog at $2.91 billion, up 12% on Q2 book to bill of 1.08

**Calculated using Q2 2011 fully diluted shares of 56.2 million*

2011 YTD Bookings & Industry Outlook



OIL & GAS

- ✓ *Project activity continues to have positive long-term outlook though current investment climate is choppy*
- ✓ *New refining capacity will be required in developing regions and operational improvements in mature markets*
- ✓ *Growing market for shale gas, plus discussions of shale oil beginning to surface*
- ✓ *Coal to gas and coal to liquid developments will increase opportunities*

POWER

- ✓ *Investments in power generation capacity are fueled by developing market demand growth and infrastructure upgrades*
- ✓ *Nuclear power outlook is under higher scrutiny as countries evaluate nuclear strategy*
- ✓ *Ample availability of natural gas and environmental factors create greater interest in natural gas-fired power generation*

CHEMICAL

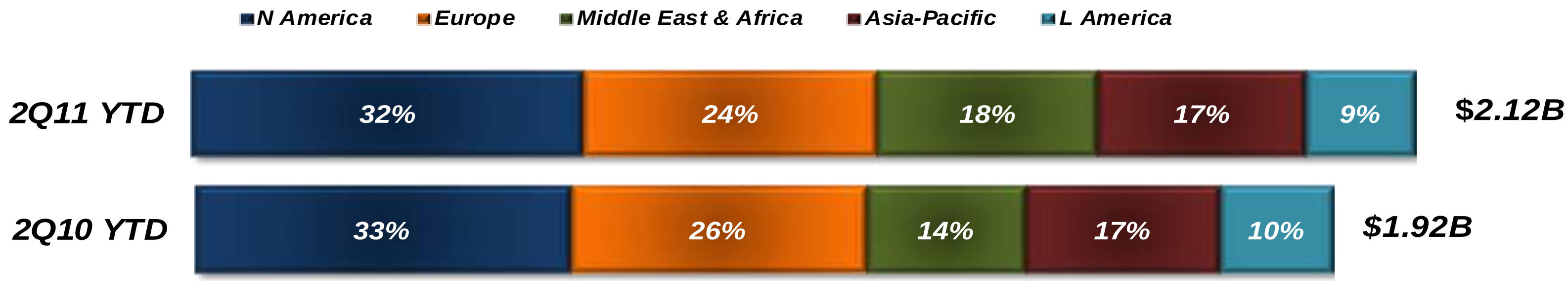
- ✓ *Long-term investment planning continues to show new capital in Middle East, China, Russia and Latin America*
- ✓ *There is renewed interest in new capacity investment in US because of availability of low-cost natural gas feedstocks*

WATER

- ✓ *Desalination capacity is forecasted to grow approximately 40 million m^3/day through 2016, predominantly in Middle East and Africa*

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

2011 YTD Sales & Regional Outlook



MIDDLE EAST

- ✓ *Unrest in Middle East causes spending delays in oil, natural gas, refining and desalination*
- ✓ *Industry forecasts support long-term investments in oil, natural gas, power generation, chemical and desalination in this region*
- ✓ *Many of the countries in this region remain focused on expanding into the higher value products within the oil and chemical industries*

ASIA PACIFIC

- ✓ *Positive outlook across the region with China and India leading project activity in refining, chemicals and power generation*
- ✓ *EPCs report increased project planning for petrochemicals and chemicals given projected demand growth in the region*

LATIN AMERICA

- ✓ *This region is forecasting growth opportunities in oil, natural gas, power generation, chemical, water, mining and pulp & paper*
- ✓ *Brazil's national oil company, Petrobras, continues its investment program to develop the country's oil and gas resources*

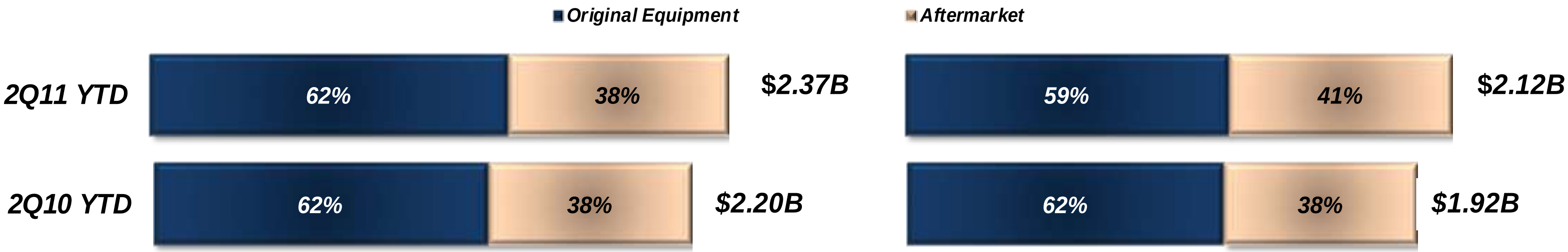
NORTH AMERICA

- ✓ *Shale gas development is driving increased chemical utilization and development*

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

2011 YTD Bookings & Sales

BOOKINGS **SALES**



- *Bookings for the first half of 2011 grew 7.5% compared to the same period in 2010*
- *Sales for the first half of 2011 grew 10.6% compared to same period in 2010*
- *Looking forward:*
  - ✓ *Aftermarket continues to increase as a percentage of FSG total business*
  - ✓ *Steady growth in long cycle business and strong gains in short cycle chemical/industrial business*
  - ✓ *Continued investment in our Integrated Solutions Group positions us well to provide our customers with value added services and solutions*
  - ✓ *Significant OE growth in FCD driven by demand in the oil and gas sector*

Sources: *Flowserve Internal Data*

Q2 2011 – Consolidated Financial Results

($ millions)	2nd Quarter					YTD				
	2010	2011	Delta ($)	Delta (%)	Constant FX (%)**	2010	2011	Delta ($)	Delta (%)	Constant FX (%)**
Bookings	$ 1,134.2	$ 1,211.6	$ 77.4	6.8%	(0.3%)	$ 2,204.9	$ 2,370.9	$ 166.0	7.5%	3.0%
Sales	$ 961.1	$ 1,125.8	$ 164.7	17.1%	9.0%	$ 1,920.0	$ 2,123.0	$ 203.0	10.6%	5.5%
Gross Profit	$ 343.4	$ 369.3	$ 25.9	7.5%		$ 691.7	$ 717.0	$ 25.3	3.7%	
Gross Margin (%)	35.7%	32.8%		(290 bps)		36.0%	33.8%		(220 bps)	
SG&A	$ 201.3	$ 233.0	$ 31.7	15.7%	9.8%	$ 412.6	$ 455.6	$ 43.0	10.4%	6.8%
SG&A (%)	20.9%	20.7%		(20 bps)		21.5%	21.5%		0 bps	
Income from Affiliates	$ 4.0	$ 3.8	$ (0.2)	(5.0%)		$ 9.1	$ 8.9	$ (0.2)	(2.2%)	
Operating Income	$ 146.0	$ 140.1	$ (5.9)	(4.0%)	(11.6%)	$ 288.2	$ 270.4	$ (17.8)	(6.2%)	(11.4%)
Operating Margin (%)	15.2%	12.4%		(280 bps)		15.0%	12.7%		(230 bps)	
Adjusted Operating Income*	$ 153.6	$ 148.5	$ (5.1)	(3.3%)		$ 296.3	$ 279.6	$ (16.7)	(5.6%)	
Adjusted Operating Margin (%)*	16.0%	13.2%		(280 bps)		15.4%	13.2%		(220 bps)	
Other (Expense) / Income, net	$ (12.3)	$ 6.0	$ 18.3	148.8%		$ (33.8)	$ 14.5	$ 48.3	142.9%	
Tax Expense	$ 33.6	$ 38.2	$ 4.6	13.7%		$ 65.4	$ 71.9	$ 6.5	9.9%	
Net Earnings	$ 91.6	$ 98.7	$ 7.1	7.8%		$ 171.9	$ 195.7	$ 23.8	13.8%	
Diluted EPS	$ 1.62	$ 1.76	$ 0.14	8.6%		$ 3.04	$ 3.48	$ 0.44	14.5%	
Adjusted EPS*	$ 1.72	$ 1.87	$ 0.15	8.7%		$ 3.15	$ 3.60	$ 0.45	14.3%	

- As of 6/30/11, 2.95 million shares (212,500 YTD 2011) had been repurchased in conjunction with the company's previously announced $300 million buyback program

** Adjusted operating income and adjusted EPS exclude realignment charges of $7.6 million and $8.4 million for Q2 2010 and Q2 2011, respectively and $8.1 million and $9.2 million for YTD 2010 and YTD 2011, respectively*

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

Q2 2011 Cash Flows

($ millions)	Q1 2011	Q2 2011	YTD 2011	YTD 2010
Net Income	$ 97	$ 99	$ 196	$ 172
Depreciation and amortization	26	27	53	49
Change in working capital	(362)	(143)	(506)	(293)
Other	11	8	19	19
Total Operating Activities	**(228)**	**(10)**	**(238)**	**(53)**
Capital expenditures	(24)	(24)	(48)	(25)
Other	3	0	3	8
Total Investing Activities	**(21)**	**(24)**	**(45)**	**(17)**
Payments on long-term debt	(6)	(6)	(13)	(3)
Dividends	(16)	(18)	(34)	(31)
Proceeds of debt or other	8	1	9	12
Repurchase of common shares	(14)	(12)	(26)	(23)
Proceeds from stock option activity	0	0	0	5
Total Financing Activities	**(28)**	**(35)**	**(63)**	**(39)**
Effect of exchange rates	**8**	**2**	**10**	**(42)**
Net Increase (Decrease) in Cash	**$ (269)**	**$ (67)**	**$ (336)**	**$ (151)**

Increase in backlog and some delayed shipments & collections drove increase in working capital

Primary Working Capital

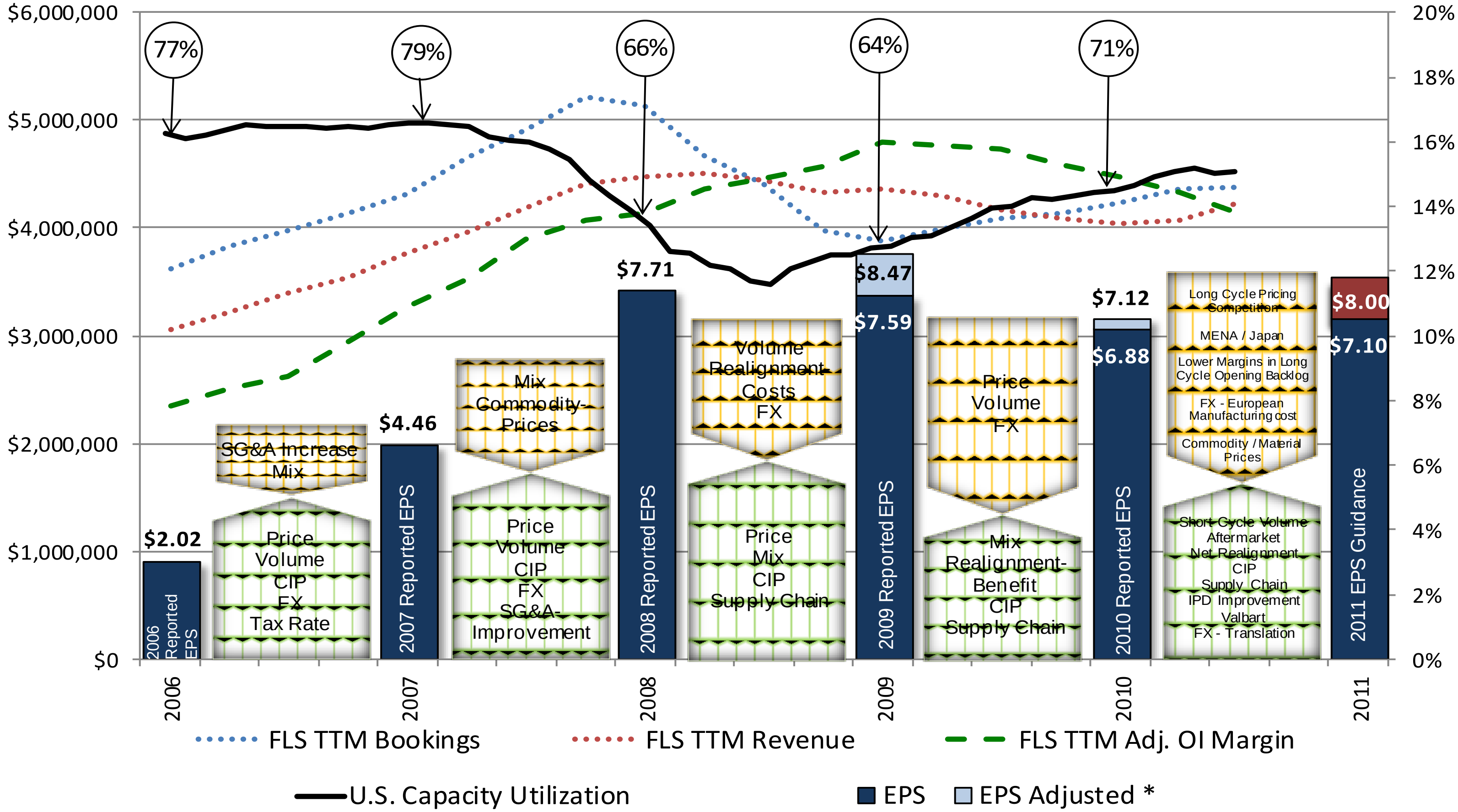
Balances for All Periods as a % of Trailing Twelve Months Sales

($ millions)	Q2 2010		Q1 2011		Q2 2011	
	$	%	$	%	$	%
Receivables	763	18.3%	909	22.3%	1,001	23.7%
Inventory, net	798	19.1%	1,021	25.1%	1,091	25.8%
Payables	(388)	(9.3%)	(462)	(11.4%)	(479)	(11.3%)
Primary Working Capital	**1,173**	**28.1%**	**1,468**	**36.0%**	**1,613**	**38.2%**
Advance Cash*	(334)	(8.0%)	(379)	(9.3%)	(367)	(8.7%)
Total	**839**	**20.1%**	**1,089**	**26.7%**	**1,246**	**29.5%**
Backlog	**2,501**		**2,813**		**2,906**	

- ***Strategic use of balance sheet supports our supply chain and growing order book***
- ***Higher working capital usage on increase in short cycle orders, backlog growth of 12.0%, some project delays and customer-driven delays***
- ***Accounts Receivable balance impacted by somewhat slower than expected payments from some customers***

** Advance cash commitments from customers to fund working capital*

Cycle Dynamics



** Adjusted operating income margin excludes realignment charges*

Reaffirming 2011 full year EPS target range of $7.10 to $8.00

***Source:** Reuters - Capacity Utilization, Manufacturing, Total Durable Goods – Federal Reserve estimate of potential production capacity in the manufacturing space for goods with a lifespan of more than 3-years*

Engineered Product Division
Q2 2011 Segment Results

($ millions)	2nd Quarter 2010	2nd Quarter 2011	2nd Quarter Delta ($)	2nd Quarter Delta (%)	2nd Quarter Constant FX (%)**	YTD 2010	YTD 2011	YTD Delta ($)	YTD Delta (%)	YTD Constant FX (%)**
Bookings	$ 631.1	$ 588.1	$ (43.0)	(6.8%)	(12.7%)	$ 1,222.8	$ 1,187.6	$ (35.2)	(2.9%)	(6.9%)
Sales	$ 524.5	$ 557.3	$ 32.8	6.3%	(1.4%)	$ 1,056.3	$ 1,081.1	$ 24.8	2.3%	(2.4%)
Gross Profit	$ 193.6	$ 192.0	$ (1.6)	(0.8%)		$ 390.3	$ 380.2	$ (10.1)	(2.6%)	
Gross Margin (%)	36.9%	34.5%		(240 bps)		36.9%	35.2%		(170 bps)	
SG&A	$ 90.8	$ 108.3	$ 17.5	19.3%	12.6%	$ 188.6	$ 208.6	$ 20.0	10.6%	6.4%
SG&A (%)	17.3%	19.4%		210 bps		17.9%	19.3%		140 bps	
Income from Affiliates	$ 3.5	$ 3.0	$ (0.5)	(14.3%)		$ 7.0	$ 6.9	$ (0.1)	(1.4%)	
Operating Income	$ 106.3	$ 86.7	$ (19.6)	(18.4%)	(24.1%)	$ 208.6	$ 178.4	$ (30.2)	(14.5%)	(18.8%)
Operating Margin (%)	20.3%	15.6%		(470 bps)		19.7%	16.5%		(320 bps)	
Adjusted Operating Income*	$ 106.5	$ 86.5	$ (20.0)	(18.8%)		$ 209.0	$ 178.4	$ (30.6)	(14.6%)	
Adjusted Operating Margin (%)*	20.3%	15.5%		(480 bps)		19.8%	16.5%		(330 bps)	

Strong aftermarket performance offset lower original equipment volumes

** Adjusted operating income excludes realignment charges, net of adjustments, of $0.2 million and ($0.2) million for Q2 2010 and Q2 2011, respectively and $0.4 million YTD 2010 with no charges YTD 2011*

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

Engineered Product Division
Q2 2011 Bookings and Sales

($ millions)		2nd Quarter				YTD			
		2010	2011	Delta (%)	Constant FX (%)*	2010	2011	Delta (%)	Constant FX (%)*
Bookings Mix **	OE	284 45%	229 39%	(19%) (600 bps)	(25%)	575 47%	511 43%	(11%) (400 bps)	(15%)
	AM	347 55%	359 61%	3% 600 bps	(3%)	648 53%	677 57%	4% 400 bps	2%
Sales Mix **	OE	241 46%	223 40%	(7%) (600 bps)	(15%)	496 47%	417 39%	(16%) (800 bps)	(21%)
	AM	283 54%	334 60%	18% 600 bps	12%	560 53%	664 61%	19% 800 bps	14%

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

Focus on strategic initiatives drove aftermarket sales growth

Engineered Product Division Overview

- Bookings were down 6.8% driven by a large (over $80M) oil and gas order in Q2 2010 that did not recur
  - Chemical and power markets (despite disruption in nuclear market) strengthening globally, while general industry levels remain stable and oil & gas project spending remains choppy
- Sales were up 6.3% due primarily to strength in aftermarket shipments and demand in North America, Asia and Latin America
- Gross margin down 240 basis points due to lower margins in long cycle shipments, higher material costs and costs related to delayed shipments, partially offset by realignment savings, cost controls and strong aftermarket performance
  - MENA impact – $2.5 million operating income
- Backlog increased 9.7% as compared to year end, particularly in aftermarket
- Short-term end market challenges include continuing disruptions in North Africa, Japan and the global nuclear power market

Industrial Product Division
Q2 2011 Segment Results

($ millions)	2nd Quarter 2010	2nd Quarter 2011	2nd Quarter Delta ($)	2nd Quarter Delta (%)	2nd Quarter Constant FX (%)**	YTD 2010	YTD 2011	YTD Delta ($)	YTD Delta (%)	YTD Constant FX (%)**
Bookings	$ 214.3	$ 228.8	$ 14.5	6.8%	(0.2%)	$ 408.4	$ 453.7	$ 45.3	11.1%	6.9%
Sales	$ 198.6	$ 224.5	$ 25.9	13.0%	7.0%	$ 394.8	$ 400.8	$ 6.0	1.5%	(3.0%)
Gross Profit	$ 49.6	$ 44.2	$ (5.4)	(10.9%)		$ 104.6	$ 89.5	$ (15.1)	(14.4%)	
Gross Margin (%)	25.0%	19.7%		(530 bps)		26.5%	22.3%		(420 bps)	
SG&A	$ 33.7	$ 34.6	$ 0.9	2.7%	(3.2%)	$ 67.7	$ 66.8	$ (0.9)	(1.4%)	(4.3%)
SG&A (%)	17.0%	15.4%		(160 bps)		17.2%	16.7%		(50 bps)	
Income from Affiliates	$ -	$ -	$ -	-		$ -	$ -	$ -	-	
Operating Income	$ 15.9	$ 9.6	$ (6.3)	(39.6%)	(45.9%)	$ 36.9	$ 22.7	$ (14.2)	(38.5%)	(41.2%)
Operating Margin (%)	8.0%	4.3%		(370 bps)		9.3%	5.7%		(360 bps)	
Adjusted Operating Income*	$ 20.0	$ 17.5	$ (2.5)	(12.5%)		$ 41.2	$ 31.8	$ (9.4)	(22.8%)	
Adjusted Operating Margin (%)*	10.1%	7.8%		(230 bps)		10.4%	7.9%		(250 bps)	

IPD recovery plan continued on track with investment in European footprint realignment

** Adjusted operating income excludes realignment charges of $4.1 million and $7.9 million for Q2 2010 and Q2 2011, respectively and $4.3 million and $9.1 million for YTD 2010 and YTD 2011, respectively*

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

Industrial Product Division
Q2 2011 Bookings and Sales

($ millions)		2nd Quarter 2010	2nd Quarter 2011	2nd Quarter Delta (%)	2nd Quarter Constant FX (%)*	YTD 2010	YTD 2011	YTD Delta (%)	YTD Constant FX (%)*
Bookings Mix **	OE	141 66%	153 67%	9% 100 bps	3%	274 67%	308 68%	12% 100 bps	9%
	AM	73 34%	76 33%	4% (100 bps)	(3%)	135 33%	145 32%	7% (100 bps)	2%
Sales Mix **	OE	139 70%	155 69%	12% (100 bps)	5%	272 69%	269 67%	(1%) (200 bps)	(5%)
	AM	60 30%	70 31%	17% 100 bps	8%	122 31%	132 33%	8% 200 bps	3%

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*** Gross bookings and Sales do not include interdivision eliminations*

Short cycle recovery continued with solid original equipment bookings growth

Industrial Product Division Overview

- Bookings increased 6.8% driven by higher demand for original equipment
  - Continued momentum in volumes should support improved pricing trends
- Sales were up 13.0% as the IPD recovery plan began to favorably impact the business
- Gross margin down 530 basis points driven by less favorable pricing shipped from backlog as well as higher realignment spending
  - Realignment spending of $7.9 million in Q2 2011
  - MENA impact – $0.3 million operating income
- Backlog increased 11.9% as a result of higher bookings
- Recovery plan remains on track as business environment continues to strengthen and realigned operations gain momentum
  - Q2 plan execution included additional structural realignment and low cost sourcing initiatives in high cost areas
- Chemical, power and water markets are gaining momentum

Flow Control Division – Q2 2011 Segment Results

($ millions)	2nd Quarter 2010	2nd Quarter 2011	2nd Quarter Delta ($)	2nd Quarter Delta (%)	2nd Quarter Constant FX (%)**	YTD 2010	YTD 2011	YTD Delta ($)	YTD Delta (%)	YTD Constant FX (%)**
Bookings	$ 324.9	$ 440.0	$ 115.1	35.4%	25.9%	$ 643.8	$ 817.3	$ 173.5	26.9%	21.7%
Sales	$ 268.8	$ 387.1	$ 118.3	44.0%	34.3%	$ 524.8	$ 724.7	$ 199.9	38.1%	32.4%
Gross Profit	$ 100.1	$ 131.9	$ 31.8	31.8%		$ 195.8	$ 247.5	$ 51.7	26.4%	
Gross Margin (%)	37.2%	34.1%		(310 bps)		37.3%	34.2%		(310 bps)	
SG&A	$ 58.4	$ 72.8	$ 14.4	24.6%	16.0%	$ 115.6	$ 142.1	$ 26.5	22.9%	18.6%
SG&A (%)	21.7%	18.8%		(290 bps)		22.0%	19.6%		(240 bps)	
Income from Affiliates	$ 0.5	$ 0.8	$ 0.3	60.0%		$ 2.1	$ 2.1	$ -	0.0%	
Operating Income	$ 42.2	$ 59.9	$ 17.7	41.9%	32.5%	$ 82.2	$ 107.5	$ 25.3	30.8%	24.7%
Operating Margin (%)	15.7%	15.5%		(20 bps)		15.7%	14.8%		(90 bps)	
Adjusted Operating Income*	$ 45.3	$ 60.4	$ 15.1	33.3%		$ 85.3	$ 107.9	$ 22.6	26.5%	
Adjusted Operating Margin (%)*	16.9%	15.6%		(130 bps)		16.3%	14.9%		(140 bps)	

Strong Oil and Gas, Chemical and General Industries Bookings

** Adjusted operating income excludes realignment charges, net of adjustments, of $3.1 million and $0.5 million for Q2 2010 and Q2 2011, respectively and $3.1 million and $0.4 million YTD 2010 and YTD 2011, respectively*

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

Flow Control Division
Q2 2011 Bookings and Sales

($ millions)		2nd Quarter 2010	2nd Quarter 2011	2nd Quarter Delta (%)	2nd Quarter Constant FX (%)*	YTD 2010	YTD 2011	YTD Delta (%)	YTD Constant FX (%)*
Bookings Mix **	OE	273	383	40%	30%	534	703	32%	26%
		84%	87%	300 bps		83%	86%	300 bps	
	AM	52	56	8%	2%	109	114	5%	1%
		16%	13%	(300 bps)		17%	14%	(300 bps)	
Sales Mix **	OE	231	329	42%	32%	441	616	40%	34%
		86%	85%	(100 bps)		84%	85%	100 bps	
	AM	38	58	53%	45%	84	109	30%	26%
		14%	15%	100 bps		16%	15%	(100 bps)	

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*** Gross bookings and Sales do not include interdivision eliminations*

Aftermarket Bookings Reflect Steady Aftermarket Performance

Flow Control Division Group Overview

- Bookings increased 35.4%, including $47.7 million for Valbart, driven by strong capital and MRO spend in the oil and gas, chemical and general industries markets
  - New nuclear projects are being re-examined
- Sales increased 44.0%, including $37.4 million for Valbart, on strength across all industries and channels
- Solid operating margin of 15.5% or 17.0% excluding Valbart and realignment
- Strong book to bill of 1.14 increased backlog 16.7% as compared to year end
- Supply chain strategies focused on supplier development, capacity, quality and on time delivery
- Continue to invest in product development (automation, materials), localization and aftermarket opportunities

FLOWSERVE

Questions and Answers

Non-GAAP Reconciliation

Divisional Adjusted Operating Income

($ millions)	Q2 2011		
	EPD	IPD	FCD
Reported GAAP Operating Income	$86.7	$9.6	$59.9
Realignment Charges	(0.2)	7.9	0.5
Adjusted Operating Income	$86.5	$17.5	$60.4

($ millions)	Year-To-Date		
	EPD	IPD	FCD
Reported GAAP Operating Income	$178.4	$22.7	$107.5
Realignment Charges	0.0	9.1	0.4
Adjusted Operating Income	$178.4	$31.8	$107.9

Note: Flowserve supplements its reporting of operating income determined in accordance with 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.

FLOWSERVE

Consolidated Adjusted Operating Income and EPS

($ millions except per share amounts)	Q2 2011		Year-To-Date	
	Operating Income	Diluted EPS	Operating Income	Diluted EPS
Reported GAAP	$140.1	$1.76	$270.4	$3.48
Realignment Charges	$8.4	$0.11	$9.2	$0.12
Adjusted	$148.5	$1.87	$279.6	$3.60

Note: Flowserve supplements its reporting of operating income and diluted earnings per share determined in accordance with 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.