Flowserve Q4 2014 Earnings Conference Call

February 18, 2015

Experience In Motion

Special Note

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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.

Q4 2014 Financial Highlights

- Fourth quarter EPS* of $1.16, up 14.9%, compared to $1.01 prior year EPS
- Strong bookings of $1.32 billion, up 5.6% versus prior year, or 11.2% on a constant currency basis
  - Original equipment bookings of $768 million, increased roughly 6.4%, or 12.5% on a constant currency basis
  - Aftermarket bookings of $554 million, increase of 4.4%, or 9.5% on a constant currency basis
  - Strength in all end markets with the exception of water
- Gross margin improvement of 130 basis points to 35.2%, driven by 410 bps and 160 bps improvement in IPD and FCD, respectively
- Operating margin of 17.3%, increased 200 basis points versus prior year
- Backlog of $2.7 billion increased $147.3 million, or 5.8% versus Q4 2013 or 11.8% on a constant currency basis – supports 2015 guidance

***Calculated using Q4 2014 fully diluted shares of $137.0 million**

Business Outlook

- Disciplined focus on profitable growth
  - Diverse, attractive end markets
  - Opportunities to accelerate our resilient aftermarket franchise growth
  - Leverage significant competitive advantages including flexible operating platform, broad product portfolio and worldwide installed base
  - R&D investment and new product development
  - Strong financial position to invest in growth, organic and inorganic
- Continued internal focus and success of ***"One Flowserve"*** strategies driving strong, consistent execution
  - Internal progress supports increased focus on growth including inorganic growth opportunities with lower integration risk
  - Performance culture continues to improve our capabilities to meet and exceed customer requirements
- Diverse end-market and geographic exposures continue to dampen risk and volatility and provide opportunities across our global energy markets
- Disciplined focus on return on assets drives capital allocation, portfolio optimization and return for shareholders

Resiliency of Business

Traditional mix of sales		Recent years' mix of sales	
~20%	OE large projects	Has trended lower: only 10-15%	• New capacity – greenfield / brownfield expansion • Typically large, longer lead-time OE projects • E&C driven, highly engineered • Tend to cut across multiple FLS divisions
~40%	Run-rate OE: short cycle, recurring	Has trended higher	• Replacing / adding equipment in existing infrastructure • Shorter lead-time • Typically customer direct
~40%	Aftermarket	Has trended higher	• Parts, repairs, spares, MRO spending • Leverages FLS' network of Quick Response Centers and associated talent • Service and response time critical

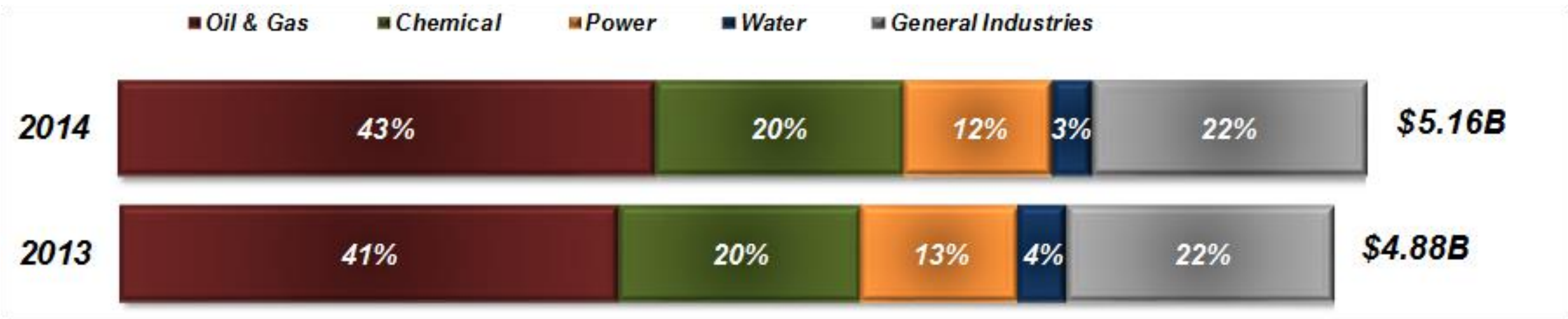
Approximately 80% of business is traditionally aftermarket or run-rate original equipment ➡ stability and resiliency

Projected Impact of Oil Price Declines

	Market	Typical share of FLS bookings	Expected Impact to FLS			Recent observations / expectations
			Project OE	Run-rate OE	AM	
Oil & Gas	***Downstream O&G***	High	Negative to neutral	Neutral	Neutral	• Integrated (Int'l) oil companies to be impacted; NOCs and independents less so
Oil & Gas	***Midstream O&G***	Low	Negative to neutral	Neutral	Neutral	• Less impact vs. upstream
Oil & Gas	***Upstream (E&P) O&G***	Low	–	Negative to neutral	Negative to neutral	• Exploration projects to be impacted • Low extraction cost regions to be less impacted
	Chemical	High	+	+	+	• Lower cost natural gas and naphtha feedstocks • Demand for chemicals could increase • Budgets will be managed tightly
	Power	Medium	+	+	+	• Lower cost natural gas feedstock • Demand for power could increase
	Water	Low	Neutral	Neutral	Neutral	• Demand could increase due to benefit to GDP • Limited correlation with oil prices
	General industries	High	+	+	+	• Lower energy costs could be a positive • More GDP dependent • Paper, Distribution, F&B, Ag, Mining, etc.

While oil price impacts FLS' business, our diverse exposures, aftermarket and run-rate original equipment provide stability

2014 Bookings & Industry Outlook



OIL & GAS

- *Oil & gas investment remained strong in 2014 despite geopolitical conflicts in key energy producing regions and downturn in oil prices*
- *Uncertainty around oil prices leading to greater spending discipline by oil & gas companies, particularly in their upstream businesses*
- *Global refining market driven by new capacity in emerging markets, clean fuels initiatives around the world and processing activity in U.S.*

POWER

- *Many factors drive new power capacity, including emerging market economic development, environmental factors and age of infrastructure*
- *Asia Pacific accounts for the largest share of new nuclear and coal-fired power generation opportunities worldwide*
- *Natural gas combined-cycle continues to gain share of actual generation and new capacity additions in North America*

CHEMICAL

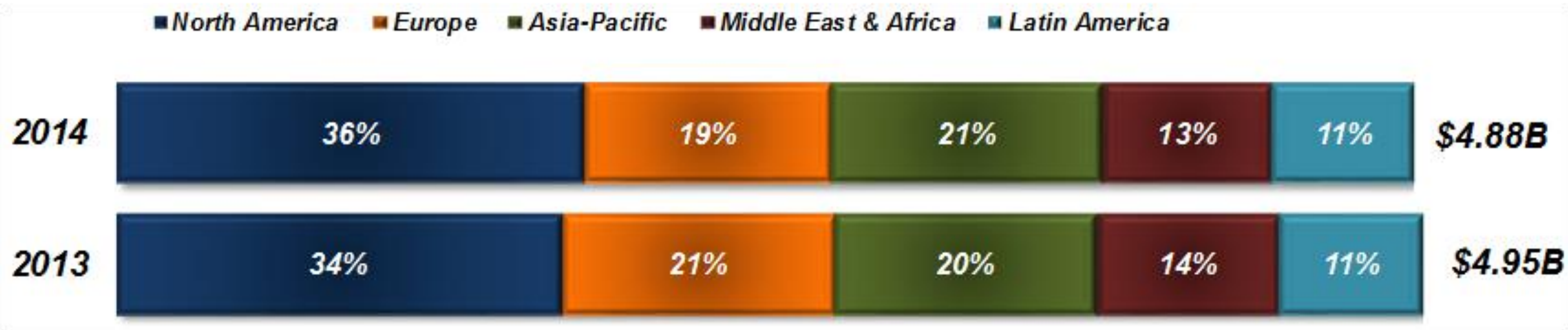
- *Strong North American market conditions for petrochemicals and derivatives given low-cost natural gas feedstock*
- *Majority of new chemical capacity still being developed in BRIC countries and other developing economies*

GENERAL INDUSTRIES

- *Good levels of business activity in general industries during 2014, particularly in developed regions*
- *Favorable long-term prospects in mining driven by emerging market demand and need for replacement capacity*

Sources: GlobalData, Industrial Info Resources, American Chemistry Council, ITR Economics, IMF, Flowserve internal data

2014 Sales & Regional Outlook



NORTH AMERICA

- *Strong growth during 2014 but some uncertainty ahead due to oil price environment*
- *Good momentum in U.S. petrochemicals due to cost advantages, derivatives build out and general economic expansion*
- *Environmental factors & flat demand drive closure of older coal-fired units, conversion of coal units to natural gas & addition of combined-cycle units*

EUROPE

- *Fragile economic conditions because of difficulties in the Euro zone and political tensions in Russia*
- *Fossil-fuel power investment in Europe driven by favorable economics and the region's partial retreat away from nuclear power generation*

MIDDLE EAST & AFRICA

- *Oil & gas industry activity throughout Persian Gulf and North Africa remains solid in aftermarket and small project opportunities*
- *Favorable conditions for chemicals and general industries given the region's development toward downstream diversification*

ASIA-PACIFIC

- *New coal-fired power plant additions; environmental and diversification factors support growth in other power technologies as well*
- *About half of global refining and chemical capacity additions planned for China, India and other Asia Pacific countries over the next five years*

LATIN AMERICA

- *Positive energy market developments in Mexico and elsewhere; challenges in Brazil*
- *A key mining market, particularly for copper; industry spend on projects restrained*

Sources: GlobalData, Industrial Info Resources, American Chemistry Council, ITR Economics, IMF, Flowserve internal data

Engineered Product Division
Q4 & Full Year 2014 Segment Results

	4th Quarter					Full Year				
($ millions)	2014	2013	Delta ($)	Delta (%)	Constant FX (%)*	2014	2013	Delta ($)	Delta (%)	Constant FX (%)*
Bookings	$ 684.9	$ 632.2	$ 52.7	8.3%	15.2%	$ 2,706.3	$ 2,474.1	$ 232.2	9.4%	13.5%
Sales	$ 728.8	$ 721.1	$ 7.7	1.1%	8.9%	$ 2,464.0	$ 2,537.1	$ (73.1)	(2.9)%	1.1%
Gross Profit	$ 246.0	$ 243.9	$ 2.1	0.9%		$ 852.4	$ 861.3	$ (8.9)	(1.0)%	
Gross Margin (%)	33.8%	33.8%		0 bps		34.6%	33.9%		70 bps	
SG&A	$ 118.8	$ 120.4	$ (1.6)	(1.3)%	4.6%	$ 437.7	$ 448.1	$ (10.4)	(2.3)%	0.8%
SG&A (%)	16.3%	16.7%		(40 bps)		17.8%	17.7%		10 bps	
Income from Affiliates	$ 4.7	$ 3.0	$ 1.7	56.7%		$ 12.4	$ 10.1	$ 2.3	22.8%	
Operating Income	$ 131.9	$ 126.5	$ 5.4	4.3%	13.5%	$ 427.1	$ 423.3	$ 3.8	0.9%	5.6%
Operating Margin (%)	18.1%	17.5%		60 bps		17.3%	16.7%		60 bps	

Disciplined SG&A control drove Q4 operating margin expansion and strong flow-through on sales growth

* Constant FX represents the year over year variance assuming 2014 results at 2013 FX rates

Engineered Product Division
Q4 & Full Year 2014 Bookings and Sales

($ millions)		4th Quarter 2014	4th Quarter 2013	4th Quarter Delta (%)	4th Quarter Constant FX (%)*	Full Year 2014	Full Year 2013	Full Year Delta (%)	Full Year Constant FX (%)*
Bookings	OE	277	234	18%	28%	1,105	990	12%	17%
Mix **		40%	37%	300 bps		41%	40%	100 bps	
	AM	408	398	3%	8%	1,602	1,484	8%	11%
		60%	63%	(300 bps)		59%	60%	(100 bps)	
Sales	OE	307	288	7%	17%	951	1,040	(9)%	(3)%
Mix **		42%	40%	200 bps		39%	41%	(200 bps)	
	AM	422	433	(3)%	4%	1,513	1,497	1%	4%
		58%	60%	(200 bps)		61%	59%	200 bps	

End-user strategies drove strong Q4 original equipment and aftermarket bookings growth

* Constant FX represents the year over year variance assuming 2014 results at 2013 FX rates
** Gross bookings and sales do not include interdivision eliminations

Engineered Product Division Q4 Overview

- Bookings increased 8.3%, or 15.2% on a constant currency basis, on strong original equipment activity
  - Growth driven primarily by oil and gas, general industries and chemical
  - Strong growth primarily in North America and Latin America, partially offset by Asia Pacific
- Sales increased 1.1%, or 8.9% on a constant currency basis, due primarily to increased sales into North America, partially offset by decreased sales into Asia Pacific and the Middle East and Africa
- SG&A as a percent of sales decreased 40 basis points to 16.3% on disciplined cost control
- Operating margin increased 60 basis points to 18.1%
- Backlog increased 13.8% to $1.49 billion vs. 2013 year-end

Industrial Product Division
Q4 & Full Year 2014 Segment Results

($ millions)	4th Quarter 2014	4th Quarter 2013	4th Quarter Delta ($)	4th Quarter Delta (%)	4th Quarter Constant FX (%)*	Full Year 2014	Full Year 2013	Full Year Delta ($)	Full Year Delta (%)	Full Year Constant FX (%)*
Bookings	$ 224.6	$ 247.4	$ (22.8)	(9.2)%	(5.4)%	$ 931.0	$ 889.1	$ 41.9	4.7%	5.2%
Sales	$ 251.6	$ 277.6	$ (26.0)	(9.4)%	(4.9)%	$ 932.9	$ 950.2	$ (17.3)	(1.8)%	(1.4)%
Gross Profit	$ 76.8	$ 73.3	$ 3.5	4.8%		$ 259.3	$ 245.3	$ 14.0	5.7%	
Gross Margin (%)	30.5%	26.4%		410 bps		27.8%	25.8%		200 bps	
SG&A	$ 35.0	$ 34.7	$ 0.3	0.9%	5.5%	$ 134.0	$ 129.6	$ 4.4	3.4%	3.7%
SG&A (%)	13.9%	12.5%		140 bps		14.4%	13.6%		80 bps	
Operating Income	$ 41.9	$ 38.6	$ 3.3	8.5%	16.6%	$ 125.3	$ 115.7	$ 9.6	8.3%	9.8%
Operating Margin (%)	16.7%	13.9%		280 bps		13.4%	12.2%		120 bps	

Solid operating improvement continued operating margin progress towards long-term goal of 14 - 15%

* Constant FX represents the year over year variance assuming 2014 results at 2013 FX rates

Industrial Product Division
Q4 & Full Year 2014 Bookings and Sales

($ millions)		Q4 2014				Full Year			
		2014	2013	Delta (%)	Constant FX (%)*	2014	2013	Delta (%)	Constant FX (%)*
Bookings	OE	146	163	(10)%	(7)%	628	587	7%	8%
Mix **		65%	66%	(100 bps)		67%	66%	100 bps	
	AM	79	84	(6)%	(2)%	303	302	0%	0%
		35%	34%	100 bps		33%	34%	(100 bps)	
Sales	OE	160	192	(17)%	(13)%	626	656	(5)%	(4)%
Mix **		63%	69%	(600 bps)		67%	69%	(200 bps)	
	AM	92	86	7%	13%	306	295	4%	5%
		37%	31%	600 bps		33%	31%	200 bps	

Solid full year bookings reflect increased focus on growth while operational improvements continue

* Constant FX represents the year over year variance assuming 2014 results at 2013 FX rates
** Gross bookings and sales do not include interdivision eliminations

Industrial Product Division Q4 Overview

- Bookings decreased 9.2%, or 5.4% on a constant currency basis, primarily on decreased original equipment activity
  - Decrease driven primarily by oil and gas, water and general industries, partially offset by strong power and chemical markets
  - Regional weakness into Europe and Asia Pacific, partially offset by strength into Latin America, North America and the Middle East and Africa
- Sales decreased 9.4% versus prior year, or 4.9% on a constant currency basis, primarily due to decreased sales into Asia Pacific, the Middle East and Africa and Europe
- Gross margin increased 410 basis points to 30.5%, primarily attributable to a mix shift to aftermarket and lower manufacturing costs resulting from execution of operational improvements and disciplined selectivity of customer bookings
- Operating margin increased 280 bps to 16.7% due to gross margin improvement and disciplined SG&A cost management

Flow Control Division
Q4 & Full Year 2014 Segment Results

	4th Quarter					Full Year				
($ millions)	2014	2013	Delta ($)	Delta (%)	Constant FX (%)*	2014	2013	Delta ($)	Delta (%)	Constant FX (%)*
Bookings (1)	$ 448.3	$ 412.6	$ 35.7	8.7%	13.0%	$ 1,665.2	$ 1,661.9	$ 3.3	0.2%	0.6%
Sales (1)	$ 439.4	$ 426.2	$ 13.2	3.1%	7.0%	$ 1,615.7	$ 1,615.7	$ 0	0.0%	0.4%
Gross Profit	$ 162.6	$ 150.8	$ 11.8	7.8%		$ 603.0	$ 579.2	$ 23.8	4.1%	
Gross Margin (%)	37.0%	35.4%		160 bps		37.3%	35.8%		150 bps	
SG&A (2)	$ 74.4	$ 79.5	$ (5.1)	(6.4)%	(2.8)%	$ 279.8	$ 300.1	$ (20.3)	(6.8)%	(7.0)%
SG&A (%)	16.9%	18.7%		(180 bps)		17.3%	18.6%		(130 bps)	
Income from Affiliates (3)	$ 0.1	$ (0.1)	$ 0.2	(200.0)%		$ (0.4)	$ 28.9	$ (29.3)	(101.4)%	
Operating Income (4)	$ 88.3	$ 71.2	$ 17.1	24.0%	27.8%	$ 322.8	$ 308.0	$ 14.8	4.8%	5.6%
Operating Margin (%)	20.1%	16.7%		340 bps		20.0%	19.1%		90 bps	

Strong operating income flow-through reflects continued operational excellence and cost control

* Constant FX represents the year over year variance assuming 2014 results at 2013 FX rates

(1) Q4 2014 vs. Q4 2013 and Full Year 2014 vs. Full Year 2013 compares include approximately 2% and 3%, respectively, of negative impact from the sale of the Naval business in Q1 2014

(2) Full Year 2014 includes $12.6 million impact of net gain from sale of the Naval business

(3) Full Year 2013 includes $28.3 million impact of net gain from joint venture transactions

(4) Excluding Naval gain in Q1 2014 and joint venture transactions net gain in Q1 2013, Full Year 2014 operating income increased 10.9%

Flow Control Division
Q4 & Full Year 2014 Bookings and Sales

($ millions)		4th Quarter				Full Year			
		2014	2013	Delta (%)	Constant FX (%)*	2014	2013	Delta (%)	Constant FX (%)*
Bookings (1)	OE	365	342	7%	11%	1,384	1,396	(1)%	(1)%
Mix **		81%	83%	(200 bps)		83%	84%	(100 bps)	
	AM	83	70	19%	22%	281	266	6%	7%
		19%	17%	200 bps		17%	16%	100 bps	
Sales (1)	OE	360	354	2%	6%	1,335	1,357	(2)%	(1)%
Mix **		82%	83%	(100 bps)		83%	84%	(100 bps)	
	AM	80	72	11%	13%	281	259	8%	9%
		18%	17%	100 bps		17%	16%	100 bps	

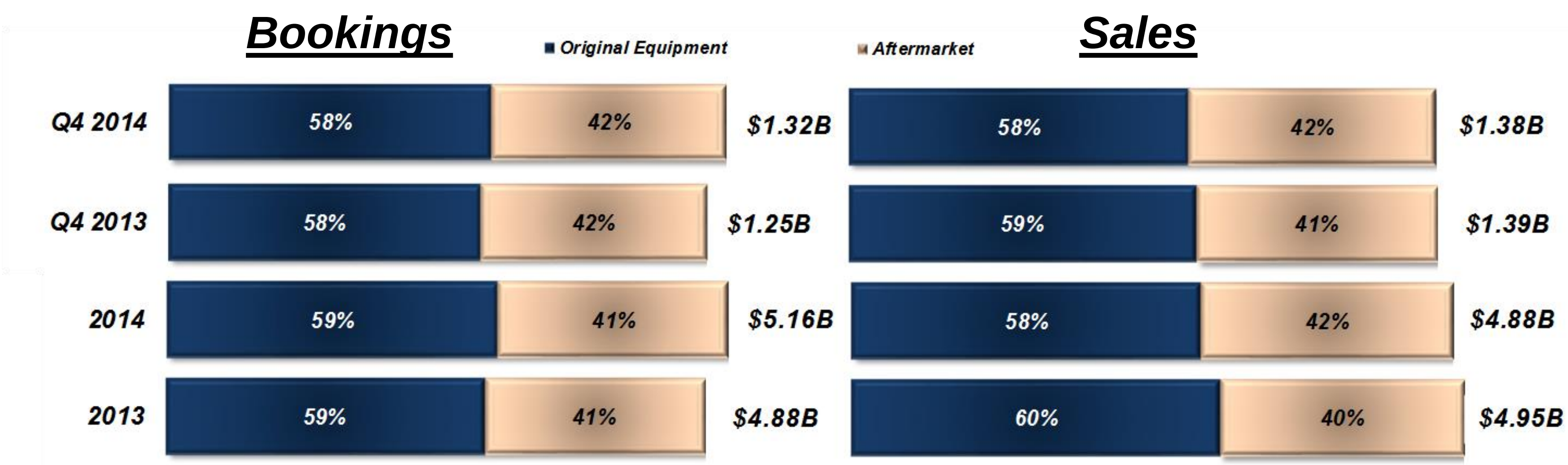
Strong Q4 original equipment and aftermarket bookings

* Constant FX represents the year over year variance assuming 2014 results at 2013 FX rates
** Gross bookings and sales do not include interdivision eliminations
(1) Q4 2014 vs. Q4 2013 and Full Year 2014 vs. Full Year 2013 compares include approximately 2% and 3%, respectively, of negative impact from the sale of the Naval business in Q1 2014

Flow Control Division Q4 Overview

- Bookings increased 8.7%, or 13.0% on a constant currency basis, including approximately 2% of negative impact from the sale of our Naval business in the first quarter of 2014
  - Increased bookings driven by strength in all markets with the exception of water
  - Increased bookings in all regions with the exception of Europe
- Sales increased 3.1%, including approximately 2% of negative impact from the sale of our Naval business in the first quarter of 2014
  - Sales increase driven by increased original equipment and aftermarket activity
  - Increased sales into Asia Pacific and Latin America were partially offset by decreased sales into Europe and the Middle East and Africa
- Gross margin increased 160 basis points to 37.0%, primarily due to continued focus on low cost sourcing and cost control initiatives
- Operating margin increased 340 basis points to 20.1%
  - Excluding discrete items of $4.7 million in 2013 that did not recur, operating margin increased 230 basis points

Full Year & Q4 2014 – Consolidated Bookings & Sales



Bookings

- Bookings in Q4 2014 increased 5.6%, or 11.2% on a constant currency basis, driven by strength in all industries with the exception of water
  - Original equipment bookings increased 6.4%, or 12.5% constant currency
  - Aftermarket bookings increased 4.4%, or 9.5% constant currency

Sales

- Sales in Q4 2014 decreased 0.6%, or increased 5.6% on a constant currency basis, driven primarily by lower original equipment sales
  - Regionally, strong sales in North America were offset by decreased sales in all other regions

Sources: Flowserve Internal Data

Q4 & Full Year 2014 Consolidated Financial Results

	4th Quarter					Full Year				
($ millions)	2014	2013	Delta ($)	Delta (%)	Constant FX (%)*	2014	2013	Delta ($)	Delta (%)	Constant FX (%)*
Bookings	$ 1,322.3	$ 1,252.6	$ 69.7	5.6%	11.2%	$ 5,161.0	$ 4,881.4	$ 279.6	5.7%	8.0%
Sales	$ 1,381.4	$ 1,389.4	$ (8.0)	(0.6)%	5.6%	$ 4,877.9	$ 4,954.6	$ (76.7)	(1.5)%	0.7%
Gross Profit	$ 485.7	$ 470.5	$ 15.2	3.2%		$ 1,714.6	$ 1,688.1	$ 26.5	1.6%	
Gross Margin (%)	35.2%	33.9%		130 bps		35.2%	34.1%		110 bps	
SG&A	$ 251.6	$ 260.6	$ (9.0)	(3.5)%	1.1%	$ 936.9	$ 966.8	$ (29.9)	(3.1)%	(1.5)%
SG&A (%)	18.2%	18.8%		(60 bps)		19.2%	19.5%		(30 bps)	
Income from Affiliates	$ 4.7	$ 3.0	$ 1.7	56.7%		$ 12.1	$ 39.0	$ (26.9)	(69.0)%	
Operating Income	$ 238.7	$ 212.9	$ 25.8	12.1%	20.2%	$ 789.8	$ 760.3	$ 29.5	3.9%	7.0%
Operating Margin (%)	17.3%	15.3%		200 bps		16.2%	15.3%		90 bps	
Other Income / (Expense), net **	$ 3.1	$ (5.6)	$ 8.7	155.4%		$ 2.0	$ (14.3)	$ 16.3	114.0%	
Tax Expense	$ 66.8	$ 49.7	$ 17.1	34.4%		$ 208.3	$ 204.7	$ 3.6	1.8%	
Net Earnings	$ 159.0	$ 141.1	$ 17.9	12.7%		$ 518.8	$ 485.5	$ 33.3	6.9%	
Diluted EPS	$ 1.16	$ 1.01	$ 0.15	14.9%		$ 3.76	$ 3.41	$ 0.35	10.3%	

- Diluted EPS calculated using fully diluted shares of 137.0 million and 140.1 million shares in Q4 2014 and Q4 2013, respectively
- Flowserve repurchased 935,175 and 1,266,343 shares in Q4 2014 and Q4 2013, respectively and year to date 3,420,656 and 8,142,723 in 2014 and 2013, respectively.
* Constant FX represents the year-over-year variance assuming 2014 results at 2013 FX rates
** Full year 2014 includes $2.8 million impact of gains arising from transactions in currencies other than our sites' functional currencies and impact of foreign exchange contracts vs. a loss of $12.6 million full year 2013

Quarterly & Full Year 2014 Cash Flows

	Q4	Q3	Q2	Q1	YTD	
($ millions)	**2014**	**2014**	**2014**	**2014**	**2014**	**2013**
Net Income	161	130	125	$ 109	$ 525	$ 488
Depreciation and amortization	27	27	29	27	110	106
Change in working capital	207	(6)	(90)	(207)	(96)	(110)
Other	50	(14)	10	(14)	32	4
Total Operating Activities	**445**	**137**	**74**	**(85)**	**571**	**488**
Capital expenditures	(49)	(30)	(22)	(32)	(133)	(139)
Dispositions, acquisitions and other	—	1	1	47	49	(29)
Total Investing Activities	**(49)**	**(29)**	**(21)**	**15**	**(84)**	**(168)**
(Payments on) / proceeds of long-term debt	(10)	(10)	(10)	(10)	(40)	270
Dividends	(22)	(22)	(22)	(19)	(85)	(77)
Short-term financing and other, net	1	(11)	4	10	4	9
Repurchase of common shares	(59)	(35)	(43)	(110)	(247)	(458)
Total Financing Activities	**(90)**	**(78)**	**(71)**	**(129)**	**(368)**	**(256)**
Effect of exchange rates	**(18)**	**(11)**	**(2)**	**(1)**	**(32)**	**(4)**
Net Increase / (Decrease) in Cash	**$ 288**	**$ 19**	**$ (21)**	**$ (199)**	**$ 87**	**$ 60**

Solid progress on working capital initiatives drove 17% improvement in full year cash flow from operations

Primary Working Capital

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

	Q4 2014		Q4 2013	
($ millions)	**$**	**%**	**$**	**%**
Receivables	1,082	22.2%	1,155	23.3%
Inventory	996	20.4%	1,061	21.4%
Payables	(612)	(12.5)%	(612)	(12.4)%
Primary Working Capital	**1,466**	**30.1%**	**1,604**	**32.4%**
Advance Cash*	(326)	(6.7)%	(381)	(7.7)%
Total	**1,140**	**23.4%**	**1,223**	**24.7%**
Backlog	**2,704**		**2,557**	

Accounts Receivable

Accounts Receivable DSO at 73 days in Q4 2014, improved 2 days versus prior year Q4 75 days, including the negative impact of certain Latin American customers

- *Q4 2014 receivables reflects a $47 million classification to long-term other assets, net. Q4 DSO of 73 days includes the long-term portion.*
- *Targeted DSO in the mid 60s*

Inventory

Inventory turns were 3.6 times, versus 3.5 times prior year Q4

- *Driving towards inventory turns goal of 4.0x to 4.5x*

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

2015 Outlook

Cash Use Priorities in 2015

- Continue to execute on announced capital allocation policy of annually returning 40 – 50% of running 2-year average net earnings to shareholders
- Estimate capital expenditures to be $150 – $160 million
- Scheduled debt principal reduction of $45 million
- Estimate U.S. and non-U.S. pension fund contributions to be approximately $30 – $35 million
- Other strategic opportunities, after disciplined analysis

Working Capital

- Execute on working capital initiatives to increase on-time delivery and improve DSO and inventory turns to targeted levels

SG&A Cost Focus

- Continue expense-management culture as we target our longer term goal of SG&A as a percent of sales of 18% while making strategic growth investments

2015 EPS Guidance

- 2015 Adjusted EPS guidance range excludes the impact of recent SIHI Group acquisition, expected to be $0.25 dilutive in 2015. The guidance range further assumes revenue growth of down 1% to up 3%, assuming end of 2014 exchange rates, and further excludes below the line foreign exchange impacts.
- Similar to prior year, 2015 earnings will be second half weighted. Estimated negative translation impact of approximately $0.20 included in the $3.60-$4.00 range assumes end of 2014 exchange rates and will impact the 1H 2015 to a greater extent than 2H.

Reaffirm 2015 full year Adjusted EPS target range of $3.60 to $4.00 - Range excludes approximately $0.25 expected dilutive impact of SIHI Group acquisition

* 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.

Questions and Answers