FLOWSERVE

FLOWSERVE CORPORATION

ANALYST DAY 2013

March 20, 2013

Experience In Motion

Agenda

Welcome
Jay Roueche, *Vice President -Treasurer and Investor Relations*

Company Overview
Mark Blinn, *President and Chief Executive Officer*

Operational Review
Tom Pajonas, *Senior Vice President and Chief Operating Officer*

Break

Financial Update
Mike Taff, *Senior Vice President and Chief Financial Officer*

Wrap up and Conclusion
Mark Blinn, *President and Chief Executive Officer*

Questions and Answers

Leadership

Mark A. Blinn

President & Chief Executive Officer

- Director, President and CEO since 2009. Previously served as CFO since 2004 and SVP of Latin America Operations from 2007
- Previously served as CFO of FedEx Kinko's from 2003 to 2004, VP and Treasurer from 2002 to 2003
- Previously served as VP and Chief Accounting Officer of Centex Corp., from 2000 to 2002

Thomas L. Pajonas

SVP & Chief Operating Officer

- SVP & COO since 2012. Previously served as President of FCD from 2004 to 2012, SVP since 2006
- Previously served as MD of Alstom Transport from 2003 to 2004, SVP of the Power Boiler Business of Alstom from 1999 to 2003
- Previously served as SVP and GM of Asea Brown Boveri from 1996 to 1999

Michael S. Taff

SVP & Chief Financial Officer

- SVP & CFO since 2012
- Previously served as CFO of Babcock & Wilcox Company from 2010 to 2011
- Previously served as CFO of McDermott Intl. from 2007 to 2010, Chief Accounting Officer from 2005 to 2007
- Previously served as CFO of HMT Inc from 2004 to 2005

Mark D. Dailey

SVP & Chief Administrative Officer

- SVP and Chief Administrative Officer since 2010. Previously served as SVP, HR since 2006 and Chief Compliance Officer since 2005; VP, Supply Chain and Continuous Improvement, from 1999 to 2005
- Previously, VP, Supply Chain of N.A. Power Tools of The Black and Decker Corp from 1992 to 1999

Carey A. O'Connor

SVP & General Counsel and Corporate Secretary

- SVP, General Counsel and Corporate Secretary since 2012. Previously served as VP and Corporate Secretary from 2011 to 2012, VP, Global Group Counsel from 2006 to 2011 and Director, Global Human Resources Counsel from 2003 to 2006
- Previously an attorney with Haynes and Boone

Deborah K. Bethune

VP, Tax

- VP, Tax since 2014
- Previously served as Director of International Taxes for the Americas and Asia Pacific Regions for the Electronic Data Systems

John E. Roueche, III

VP, Treasurer & Investor Relations

- VP, Treasurer and Investor Relations since 2012
- Previously served as a VP, Investor Relations and Treasurer of McDermott Intl. from 2003 to 2012
- Previously served in finance positions for Pennzoil-Quaker State, Pennzoil, Rockport Resources Capital and Shell Oil Company

Safe Harbor Statement

<u>Safe Harbor Statement:</u> 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," "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 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; 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; 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 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, including 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 are based on information available to us on the date hereof, and we assume no obligation to update any forward-looking statement.

COMPANY OVERVIEW & STRATEGY

Mark Blinn, *President & CEO*

Flowserve Corporation

- **Leading manufacturer and aftermarket service provider of comprehensive flow control systems**
  - History dates back to 1790 with more than 50 well-respected brands such as Worthington, IDP, Valtek, Limitorque, Durco and Edward
- **Develop and manufacture and repair precision-engineered flow control equipment for customer's critical processes**
  - Portfolio includes pumps, valves, seals and support systems, automation and aftermarket services supporting global infrastructure industries
  - Focused on oil & gas, power, chemical, water and general industries
- **Worldwide presence with approximately 17,000 employees**
  - 65 manufacturing facilities and 177 aftermarket Quick Response Centers (QRCs) with Flowserve employees in more than 50 countries
- **Long-term relationships with leading energy customers**
  - National and international oil & gas, chemical and power companies, engineering & construction firms, and global distributors
- **Established commitment to safety, customer service and quality with a strong ethical and compliance culture**

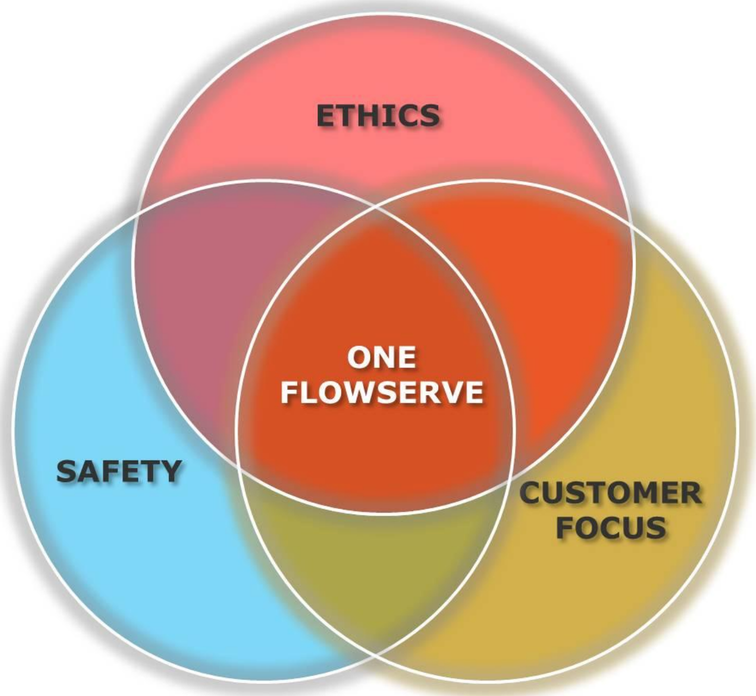
Investment Highlights

FLS LISTED NYSE

- Focused flow control provider engaged primarily in energy infrastructure markets
- Diversified business model provides stability and foundation for earnings growth and cash flow generation
  - Broad portfolio of distinguished brand names that are well recognized in the industry
  - Over 10,000 customers globally buy our products and services, both directly and indirectly
  - Benefit from global geographic exposure and mix of industries served
  - Combination of short-cycle and large, late-cycle original equipment with strong recurring aftermarket
- Focus on operational excellence - margin expansion and cash flow improvement
- Experienced, shareholder focused leadership team - ***"One Flowserve"***
- Growth pursued through innovation, expanding capabilities and strategic investments, primarily in emerging markets
- Disciplined capital allocation with emphasis on disciplined growth and returning value to the shareholder
- Leverage earnings power of improving operating platform

Momentum building as operational improvements position us to capitalize on expected global energy infrastructure investment

"One Flowserve" Culture



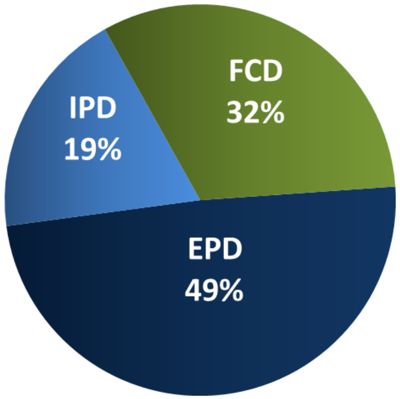
- Strong, collaborative management team
- Focus on top-line leverage with disciplined strategic prioritization and investment process
- Market share leverage across business through customer intimacy and strategic localization
- Cost leverage and operational excellence
- Propensity to improve the business and capture earnings power
- Focus on shareholder value drives disciplined strategic investments

"One Flowserve" culture drives market share gains, cost control and increased earnings leverage

Balanced Platform, Lower Risk, Stable Earnings & Positioned for Growth

Flowserve has a diverse mix of products, end markets and geographic exposures which has provided earnings stability through the cycle and decreases the overall earnings risk profile

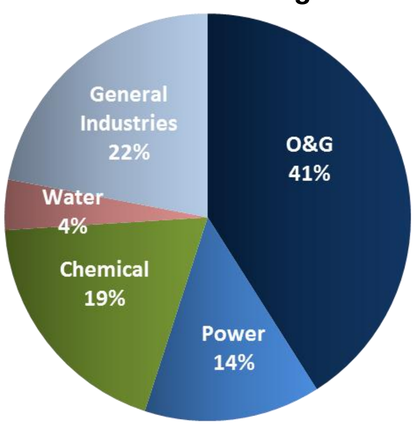
Segment Breakdown
2012 Sales Mix



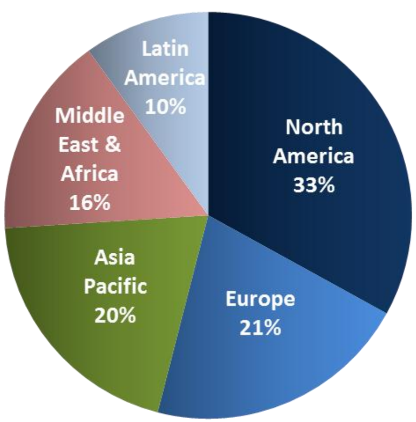
Operating Segments

- Engineered Product Division (EPD) - highly-engineered pumps, seals and systems
- Industrial Product Division (IPD) - pre-configured pumps and systems
- Flow Control Division (FCD) - industrial valves and automation solutions

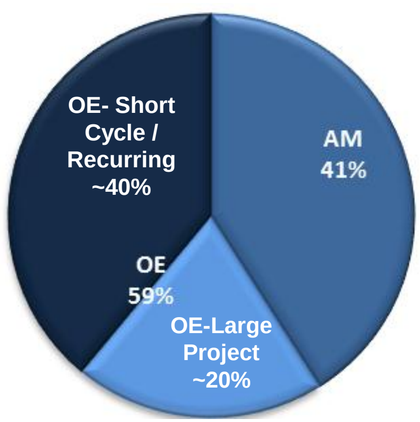
Energy-focused End Markets
2012 Bookings



Geographic Exposure
2012 Sales

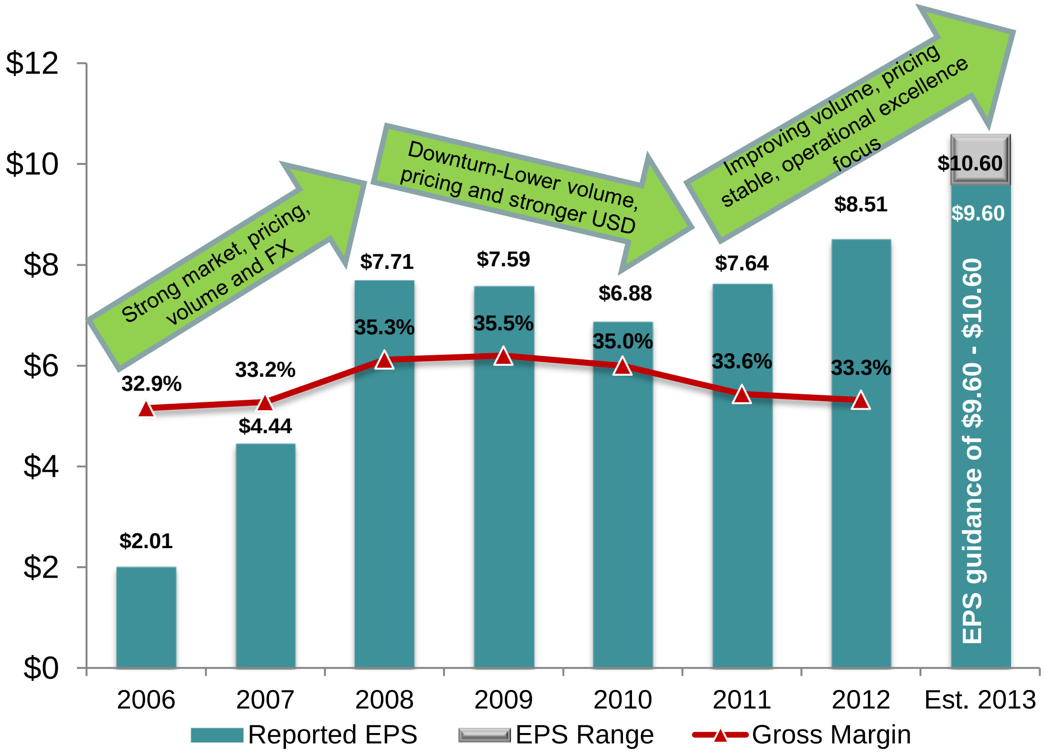


Diverse OE / AM Mix
2012 Sales

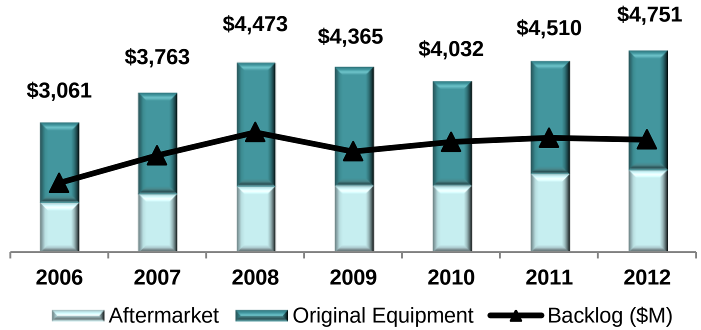


Balanced flow control portfolio of products and aftermarket services provides diversification and reduces earnings risk profile

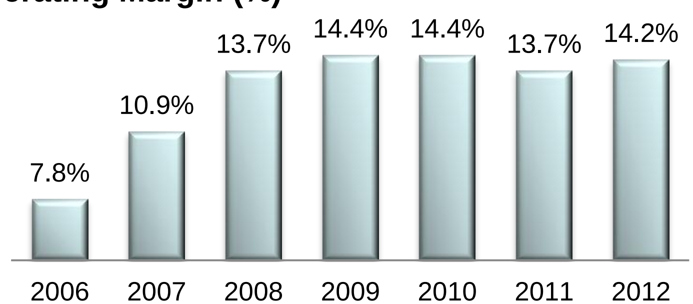
Diverse Exposures and Disciplined Investment Delivers Earnings Stability and Supports Growth



Sales ($M)



Operating Margin (%)



- **Diversity provides stable earnings and margins through cycle, despite significant pricing impacts in the large OE business**
- **Aftermarket spend remains solid through challenging cycles and large project delays**
  - Large OE projects are often subject to delays that can impact earnings, but typically represent only 20-25% of our business

Stability through trough implies margin leverage potential

"One Flowserve" to Global Customers

FINANCIAL REPORTING SEGMENTS

EPD IPD FCD + Aftermarket

Common Customers

Shell, CB&I, FLUOR, ConocoPhillips, VALERO, ExxonMobil, Chevron, JE JACOBS ENGINEERING, DOW, BR PETROBRAS, ارامكو السعودية Saudi Aramco

Common Markets

Global Trends

- Energy Efficiency
- Demographic Shifts
- Localization
- Life Cycle Cost
- Emerging Markets Capture
- Value Stream
- Aging Infrastructure
- Independence
- Economic Growth

"One Flowserve" approach delivers full suite of original equipment and aftermarket products and services to meet customer needs

Engineered Product Division Overview

2012 Sales $2.4B, OI $396M, OI Margin 16.5%

~ 8,800 Employees

Focus

Products / Solutions / Manufacturing

- Engineered Pump Operations
- Service & Solutions Operations
- Seal Operations

Regions / Customer / Low-Cost Manufacturing

- Asia Pacific Region
- Latin America Region

Footprint — *29 Manufacturing Locations and 128 QRCs*

Heritage Brands

BWIP Byron Jackson IDP	Calder United Worthington	Pacific Cameron ACEC	Worthington Wilson-Snyder Nigata Worthington	Durametallic Pacific Weitz Lawrence

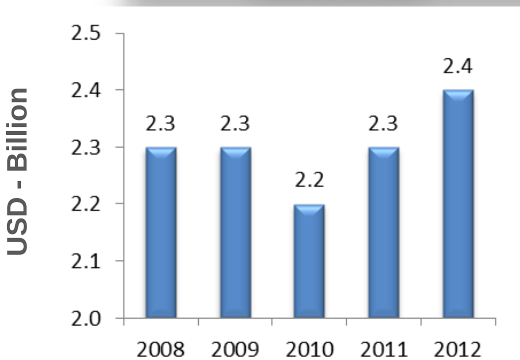
Products

API Process Pumps Between Bearing Pumps Vertical Pumps	Nuclear Pumps Nuclear Seals Energy Recovery Devices	Mechanical Seals Hydraulic Decoking Systems Thrusters	Concrete Volute Pumps Multiphase Pumps Cryogenic Expander

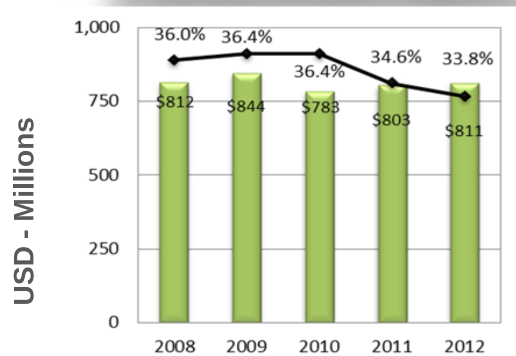
EPD includes seal products with their significant aftermarket opportunity as well as the majority of long-cycle project opportunity expected in 2H 2013 and 2014

EPD Financial Summary

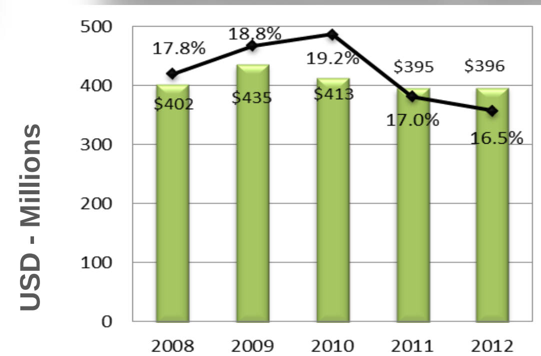
Revenues



Gross Profit / GM%

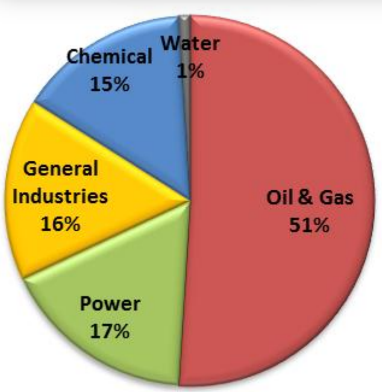


Operating Income / OI%



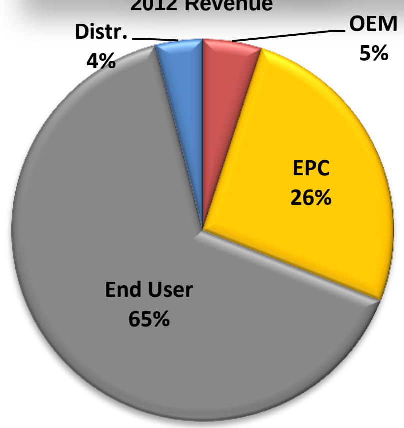
By Industry

2012 Bookings



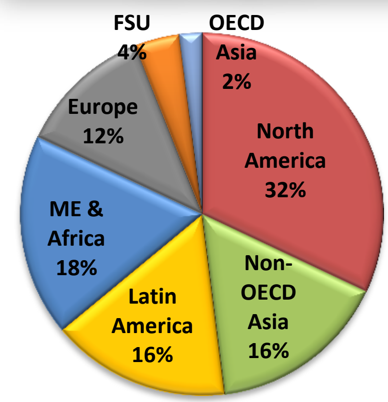
By Channel

2012 Revenue



By Region

2012 Revenue



2008-09 revenue and margins impacted by higher priced large projects and a weak USD. Recent performance driven by volume of smaller projects, improved operations and growing aftermarket

Industrial Product Division Overview

2012 Sales $954M, OI $100M, OI Margin 10.4%

~2,600 Employees

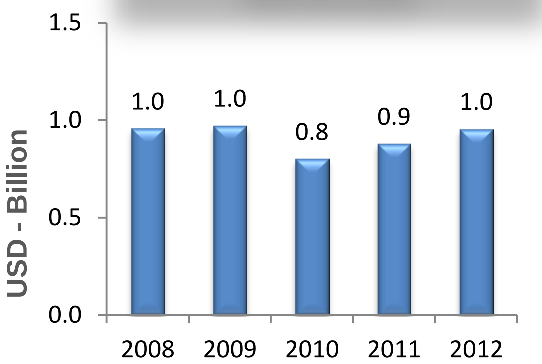
Focus → **Product and Geographic Expansion / Efficient Execution**

Footprint	12 Manufacturing Locations and 20 QRCs			
Heritage Brands	Aldrich Durco IDP	Plueger Scienco Sier Bath	Western Land Roller Worthington	Worthington Simpson TKL
Products	Ansi/ISO Process Pumps Industrial Process Vertical Pumps	Slurry and Solid Handling Pumps Submersible Pumps Between Bearing Pumps	Thrusters Barge Pumps Gear	

Top-line growth driven by product development, emerging market penetration and aftermarket initiatives with margin leverage on operational improvements

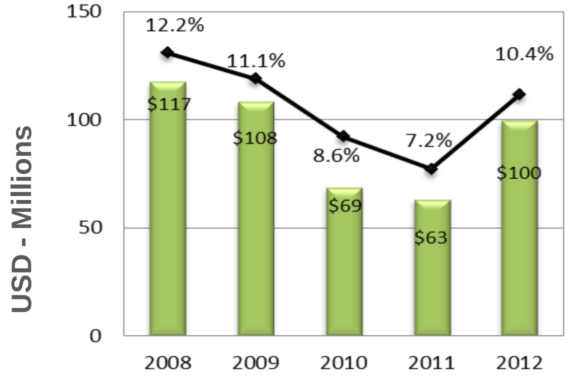
IPD Financial Summary

Revenues



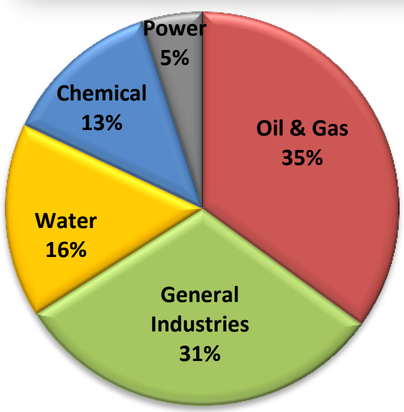
Gross Profit / GM%

Operating Income / OI%



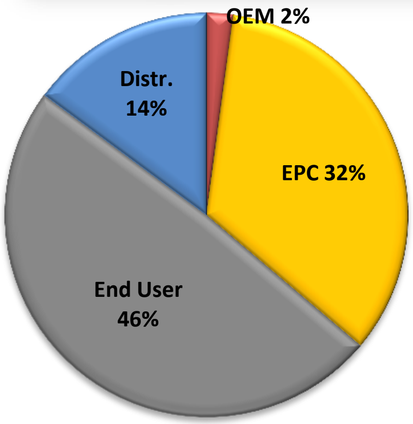
By Industry

2012 Bookings



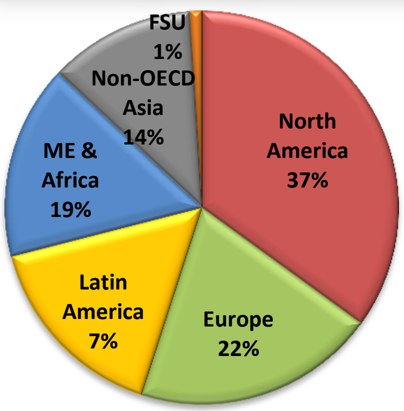
By Channel

2012 Revenue



By Region

2012 Revenue



Improving operations progressing towards 14% to 15% operating margin target by 2015

Flow Control Division Overview

2012 Sales $1.6B, OI $253M, OI Margin 16.3%

~5,400 People

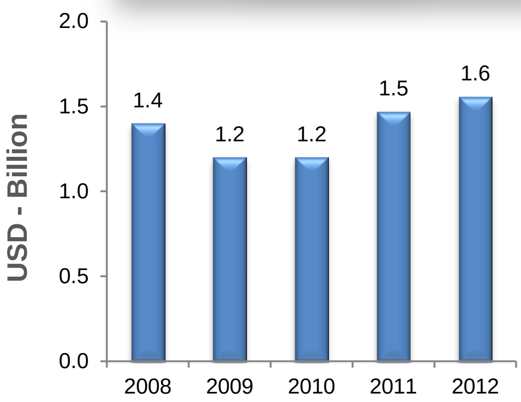
Focus → **Geographic Expansion / Innovation and Product Development / Operational Excellence**

Footprint	*24 Manufacturing Locations and 29 QRCs across 24 countries*
Heritage Brands	*Accord, Anchor /Darling, Argus, Atomac, Automax, Durco, Edward, Gestra, Kammer, Limitorque, Logix, McCanna, NAF, NAVAL, Noble Alloy, Norbro, Nordstrom, PMV, Serck Audco, Valbart, Valtek, Vogt, Worcester*
Products	*Actuators - Pneumatic, Actuators - Mechanical, Actuators - Electric, Boiler Controls, Ball Valves, Butterfly Valves, Check Valves, Gate Valves, Globe Valves, Plug Valves, Positioners, Steam Traps*

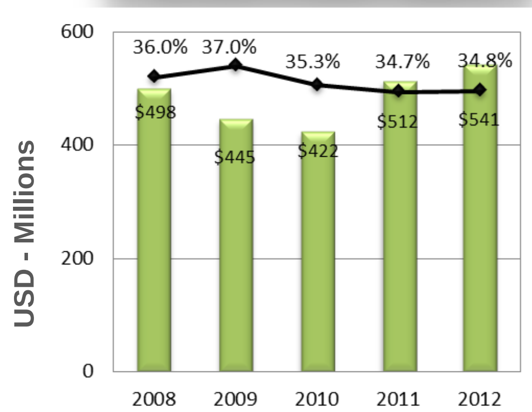
Driving top-line growth through product development and expanded aftermarket capabilities

FCD Financial Summary

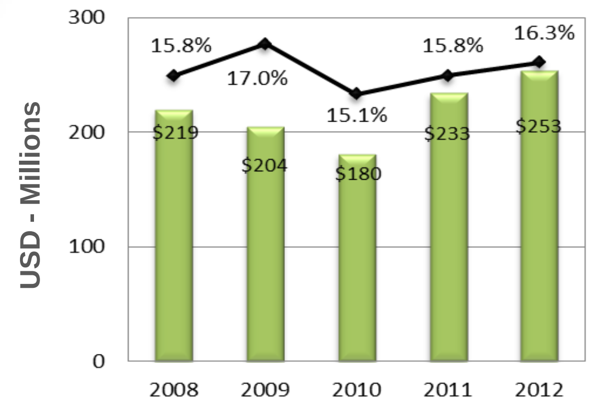
Revenues



Gross Profit / GM%

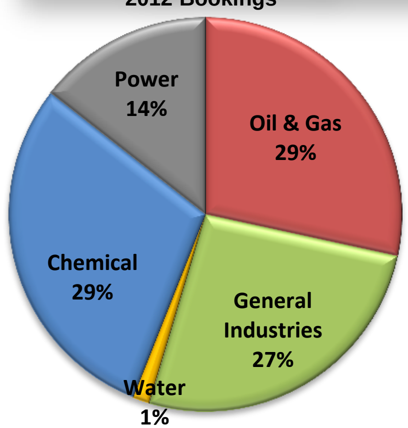


Operating Income / OI%



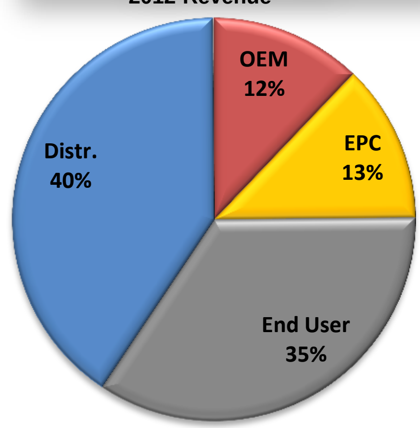
By Industry

2012 Bookings



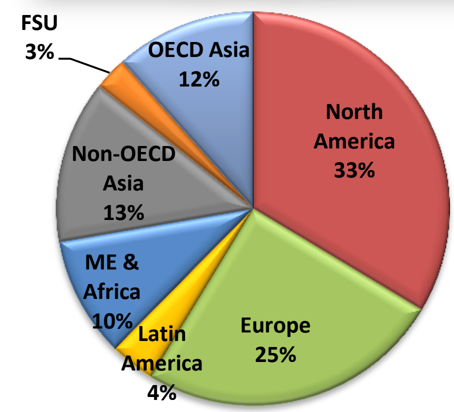
By Channel

2012 Revenue



By Region

2012 Revenue



Solid operating platform reflected in stable margins through the cycle

2012 Milestones

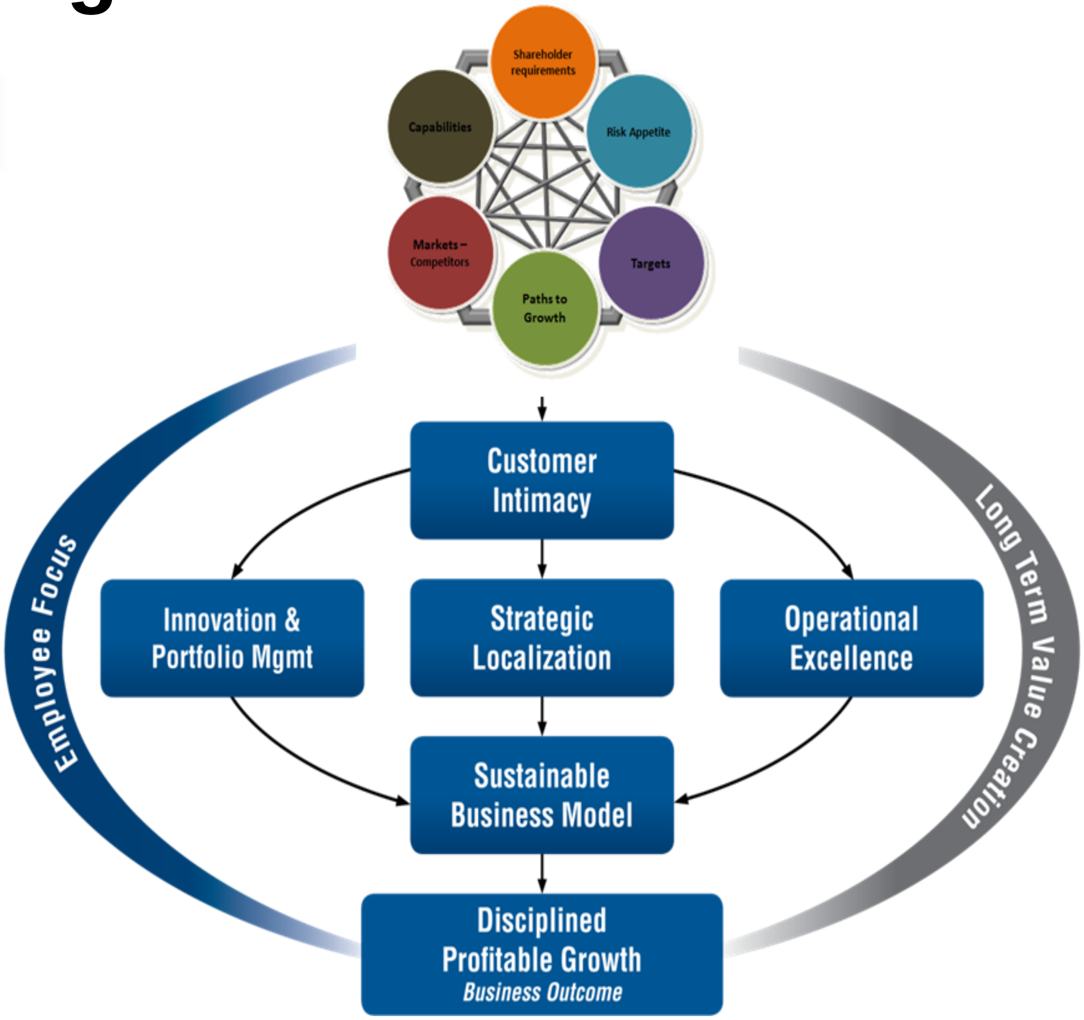
- **Solid revenue and earnings growth despite challenging market conditions and larger than expected currency headwinds**
- ***"One Flowserve"* launched and taking hold**
  - Driving "Customer Focus" culture
  - COO organizational structure leveraging best practices across business units
  - Continued operational improvement in on-time delivery, working capital management, cost of poor quality and low-cost sourcing initiatives
  - Improved operational structure supports bolt-on acquisition strategy
  - Driving expense management culture
- **IPD improvement on track with operating margin expansion of 320 bps from 2011 levels**
- **Key senior leadership talent on board or in new roles**
  - COO, CFO, VP IR/Treasurer and General Counsel
- **Footprint expansion in emerging markets – both manufacturing and QRCs**
- **Increased total shareholder return and optimized capital allocation structure**
  - Returned $846 million to shareholders in share repurchases and dividends
  - Targeting debt to EBITDA of 1 to 2 times (FYE 2012 – Gross 1.2x, Net 0.8x)

Strong internal focus on driving value for shareholders

Strategic Vision

Key Strategic Objectives

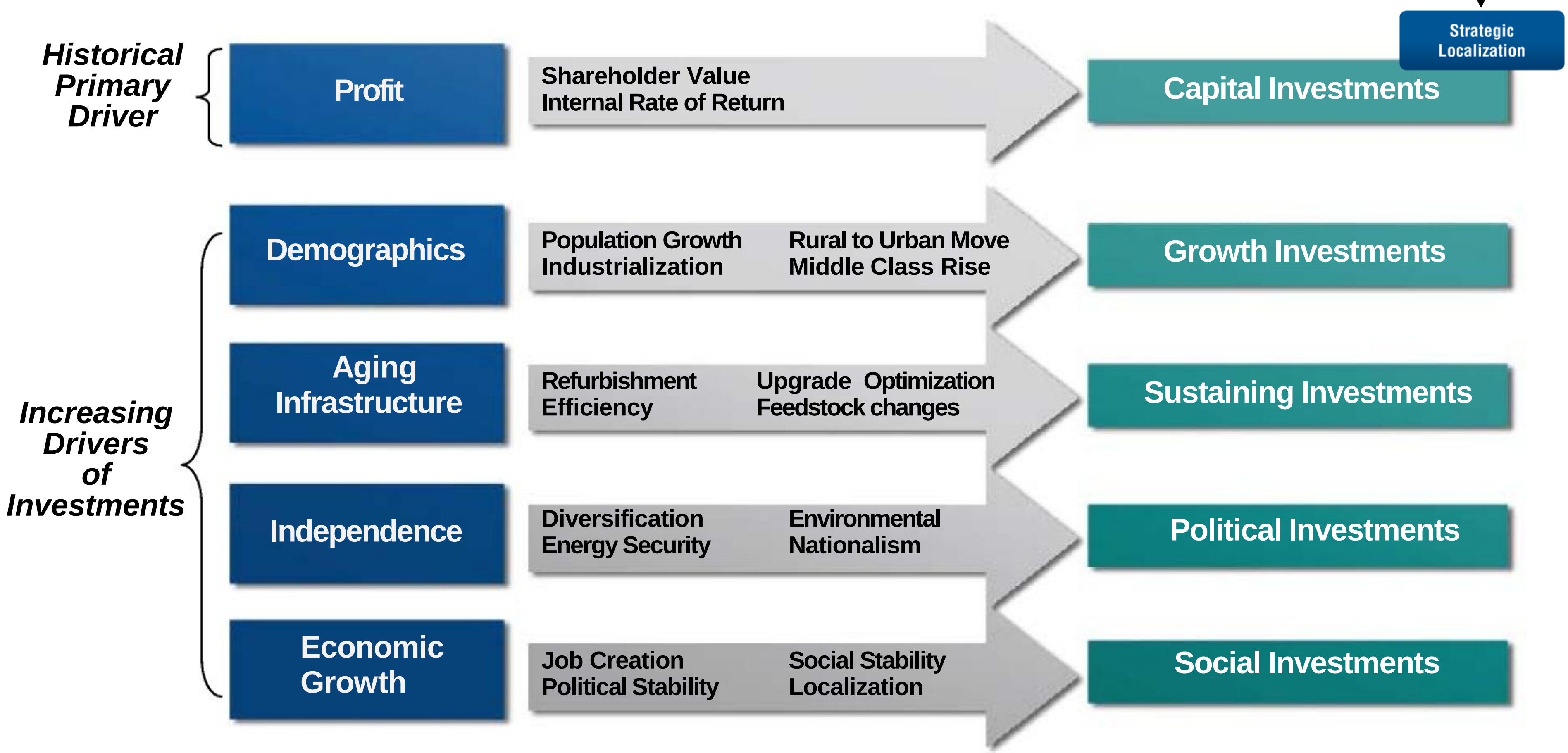
1. **Increase revenues beyond market growth achieving $7.0 to $7.5 billion by 2017**
   - Emerging market footprint
   - Product development localization
   - Global aftermarket expansion
   - Market share gain
2. **Drive operational execution and financial performance**
3. **Solidify "One Flowserve" culture**
   - Customer Focus
4. **Return 40-50% of running 2 year net income average to shareholders and retain balance sheet strength and financial flexibility**
5. **Attract and retain industry's most talented resources**
6. **Pursue bolt-on acquisitions to supplement organic growth where appropriate**



Focused on disciplined, profitable growth

Long Cycle Infrastructure Investment Drivers

Paths to Growth

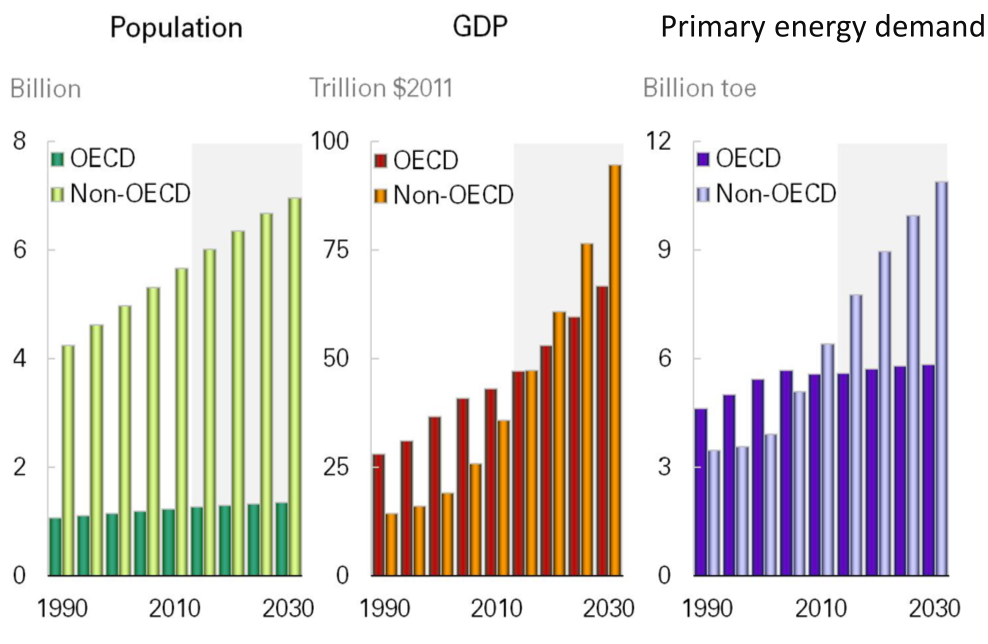


Motivation for infrastructure investments now reflect other critical drivers

Macro Factors Driving Infrastructure Needs

Paths to Growth

- Rapid population growth, GDP expansion and associated increased energy demand in emerging markets requires new infrastructure builds
- Competitive pressures and aging infrastructure call for capacity upgrades and conversions in mature OECD countries



Source: BP Energy Outlook 2013

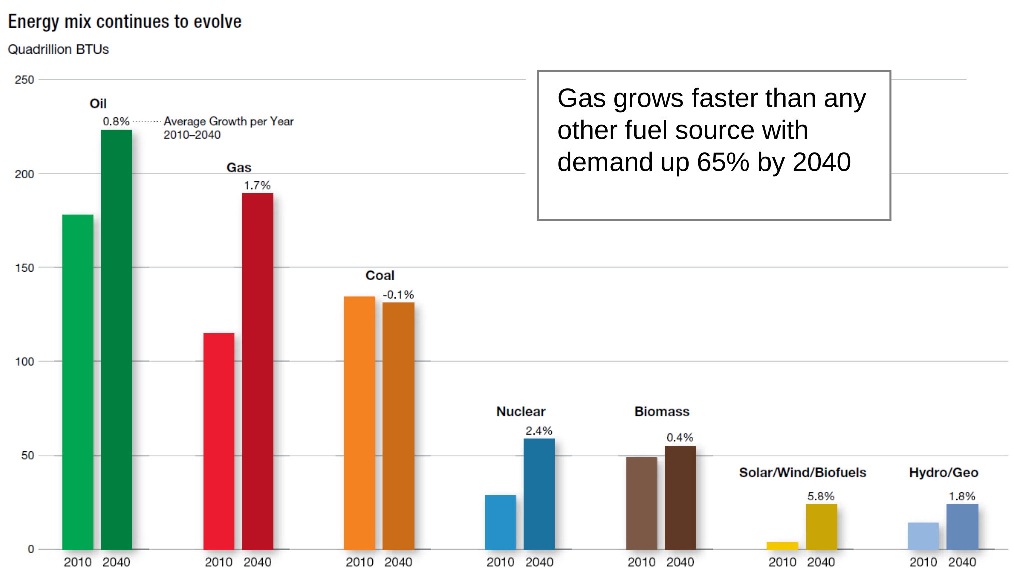
The growth of energy demand in emerging economies represents a strong opportunity for Flowserve

Energy Forecasted to Remain Key Market

Paths to Growth

- Total global energy demand about 35% higher in 2040
- Developing countries forecasted to increase by 65%
- Increasing oil and gas supply derived from unconventional resources
- Renewables and nuclear power maintain positive outlook

Expected Energy Growth



Source: ExxonMobil Outlook for Energy

As energy infrastructure develops over time, Flowserve is well-positioned to serve the various segments

FLOWSERVE

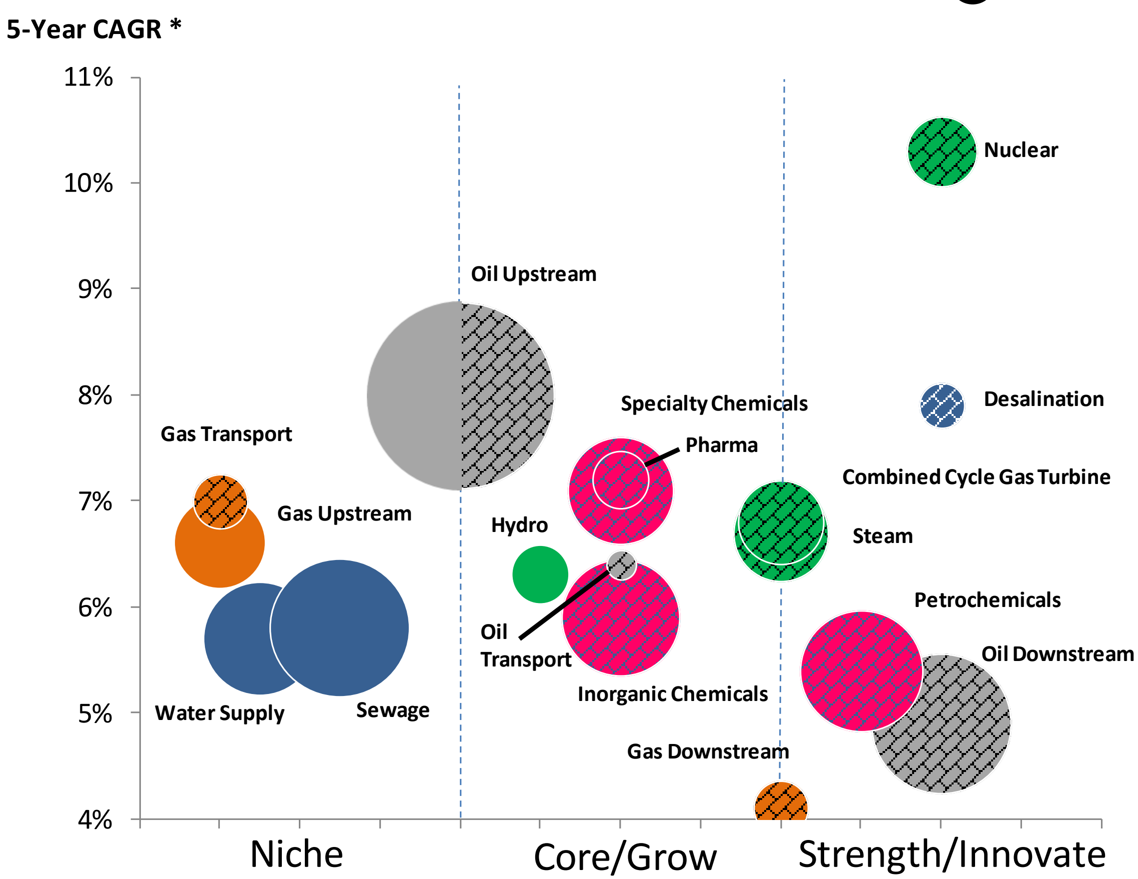
Flowserve's Portfolio Aligned with Market Growth

Paths to Growth

Innovation & Portfolio Mgmt

Strategic Localization

(Bubble size represents Market size in 2012 - ● represents $1 billion)



Represents markets that have permanent installed base which is aligned with FLS end-user strategy. Additionally, FLS has significant existing installed base in these markets.

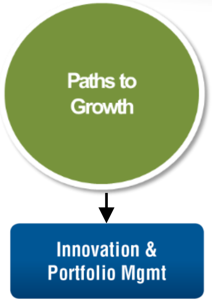
Flowserve Portfolio Position

Aftermarket QRC footprint aligned with down stream, fixed installed based

Experience In Motion

* Source: 5-Year CAGR to 2017 EIF June 2012 data, Flowserve internal portfolio estimates

Innovation: Providing Value to Customers



Delivering reliable, high-performance products that meet or exceed our customers' total cost of ownership requirements

- Breadth and depth of portfolio expands customer solutions
- Commitment to continuous technology development and innovation

Expanding Capabilities and Service Offerings

Paths to Growth

Innovation & Portfolio Mgmt

Resources

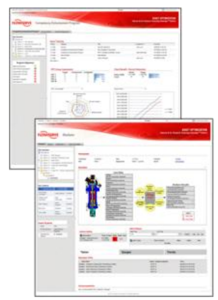
Service and Solutions Group

Expanded Field Engineering & Technical Services

RCA Training & Processes

Technologies

Wireless Sensors & Data Acquisition



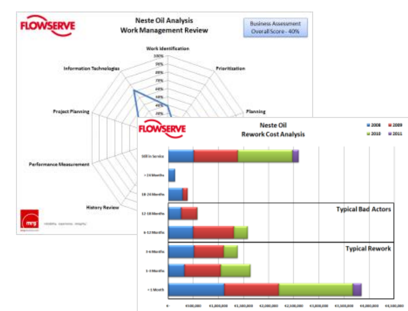
Asset Data Management & SMART Technologies

Hydraulic Component Upgrade Technology

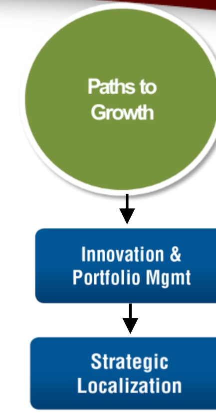
Services

Expanded Training Capacity & Curriculum

Business Assessment Services



Value-based solution offerings differentiate FLS from our competition



Strategic Localization:
Key to Accelerated Growth

Brazil

Russia

India

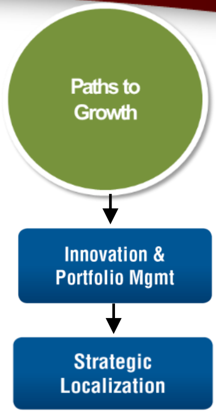
China

Middle East

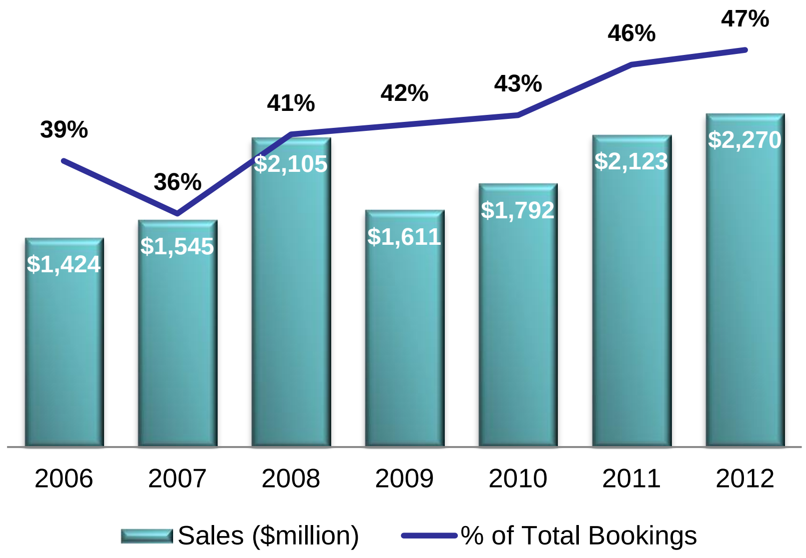
Focus Areas	Enablers	Key Initiatives
Product Localization	LPO/SPO Execution	Suzhou, Coimbatore, Rio, Santa Clara, Al Rushaid
Global Aftermarket	QRC Networks	Expanded and new QRC's (Russia, China, India, Africa)
Manufacturing Footprint	Facility Capital Investment	Coimbatore, Suzhou, Rio manufacturing expansions
Regional Technical Skill Development	Talent Acquisition, Training and Retention	Localized employee training programs
Low Cost Sourcing	Supply Chain Development	China and India Sourcing Programs

Building local capabilities is foundational to our global plan

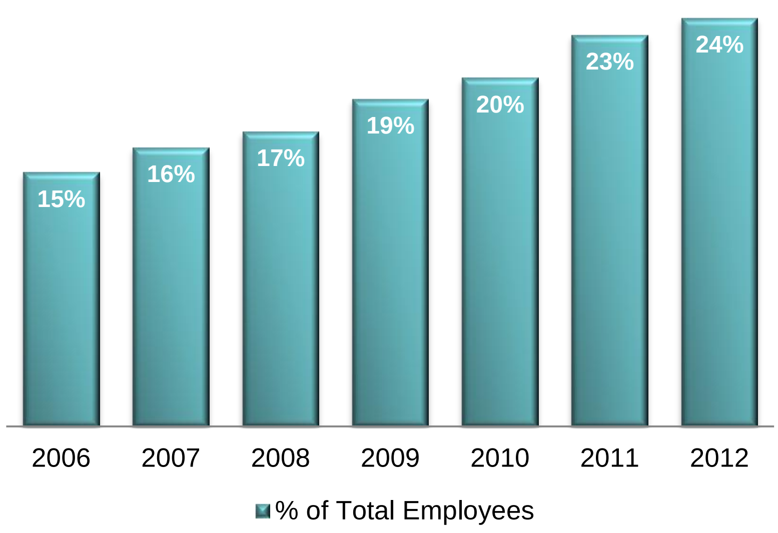
Emerging Market Strategy Delivering Growth



Emerging Markets' Bookings



Employees in Emerging Markets



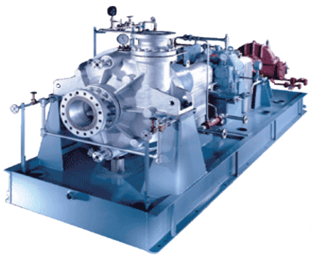
Strategic localization has driven investment in higher growth, developing regions to meet increased local demand and growing content requirements

Targeting Acquisitions with Key Strategic Fit

Paths to Growth

Innovation & Portfolio Mgmt

LAWRENCE PUMPS INC.



Lawrence Pumps
2011 Acquisition
Cash Paid - $89.6M
Price/EBITDA – 8.9x

Valbart

Valbart
2010 Acquisition
Cash Paid - $199.4M
Price/EBITDA – 8.1x

CALDER

Calder
2009 Acquisition
Cash Paid - $30.8M
Price/EBITDA – 9.7x

Acquisition strategy focused on product gaps and companies specializing in highly engineered systems and applications allowing for quick access to key markets

- Recent acquisitions at favorable multiples have been relationship driven and not pursued through an auction process
- Targeted acquisitions are designed to be quickly accretive and meet Internal Rate of Return (IRR) targets

Targeting companies in growth markets which complement our core products and capabilities

- Strong Brand Recognition and Market Reputation
- Highly Engineered Technology
- Underserved Aftermarket Opportunity
- Product Pull-through Opportunities
- Emerging Market Penetration
- Opportunities to Leverage Flowserve's Existing Global Sales Force

FLOWSERVE

Operational Focus Delivering Value

Capabilities

Operational Excellence

- **2012 internal focus produced significant value**
  - *Opportunities for continued improvement remain*

COST OF QUALITY

- **Supplier development programs to improve quality of purchased material**
- **Process and metrics for reporting cost of quality issues**

ON TIME DELIVERY

- **Project Management Processes**
- **Improve supplier OTD**
- **Global and site supply chain integration**

LEAN CIP/LCS

- **Expand use of CIP and Lean technique**
- **Process improvement plans developed by our CIP teams and third-party experts** *(deploying CIP black belts to ship past due projects)*

AFTERMARKET GROWTH

- **Expand integrated Services & Solutions Network**
- **Expand capabilities of QRCs to service the entire portfolio**
- **Deployment of diagnostics tools to drive aftermarket sales**

Seeking maximum value from inside Flowserve's four walls

Sustainable Business Model

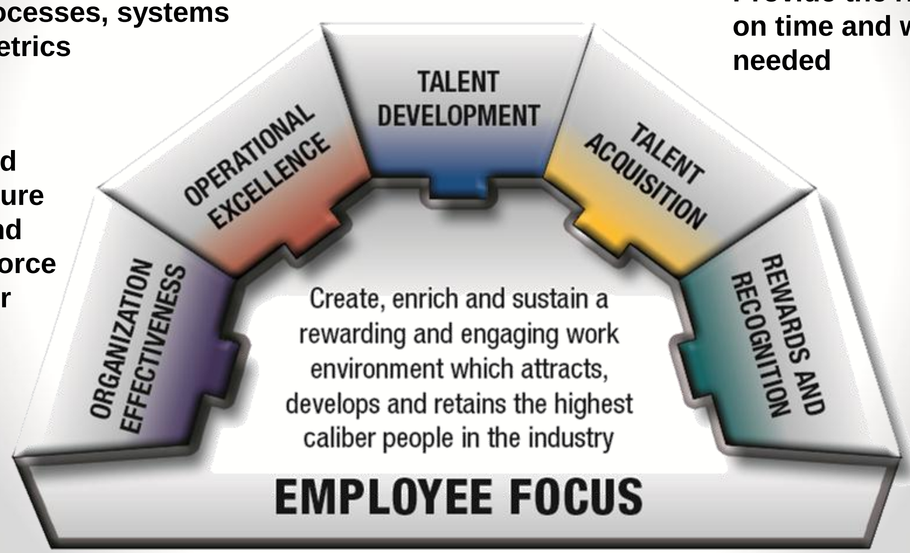
Create learning and succession opportunities that enable individual growth and organizational performance

Continuously improve HR processes, systems and metrics

Provide the right talent on time and where needed

Promote an ethical and globally inclusive culture and attract, engage and retain a diverse workforce that exceeds customer expectations and achieves disciplined profitable growth

Provide performance-based total compensation and recognition opportunities that are competitive and current in the markets in which we operate



Development and succession planning supports sustainable leadership

FLOWSERVE

Proven Track Record of Creating Shareholder Value

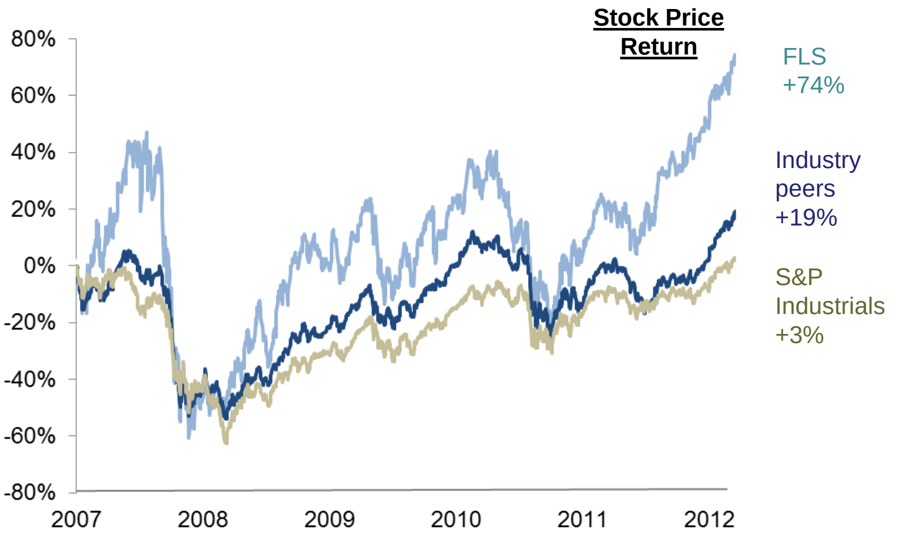
Shareholder Requirements

Disciplined Profitable Growth
Business Outcome

Total Return *	10-year	5-year	3-year	1-year
FLS	1,532%	82%	63%	42%
Industry Peers	440%	48%	50%	20%
S&P Industrials	144%	19%	39%	12%

Shareholder focused approach is a combination of:

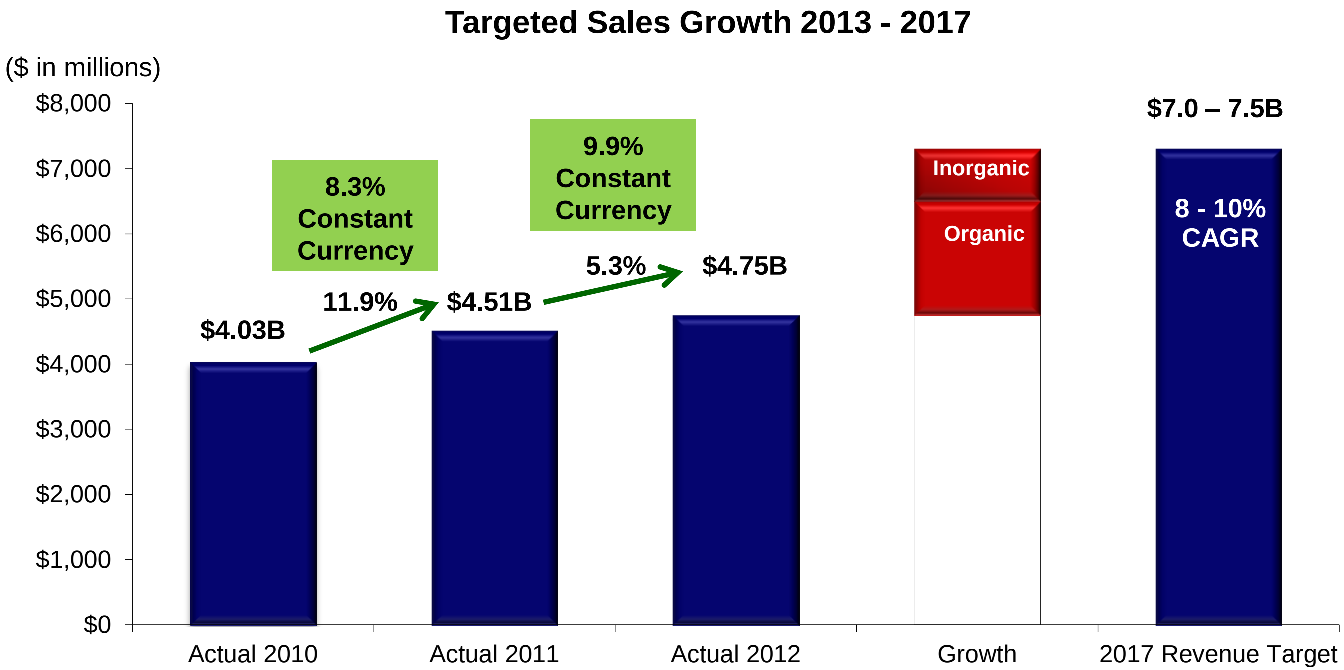
- Organic and inorganic revenue and earnings growth
- Operational excellence
- Targeted geographic and end market diversification
- Growth in aftermarket business
- Returning capital to shareholders through dividends and share repurchases



Source: Bloomberg. Change in stock price. Values indexed to 0 % as of 1/1/2008 to 3/15/2013
Industry peer group includes: CAM, CR, EMR, ITT, SPX, PNR, KSB, Smiths Group, Sulzer
* Total shareholder return through 3/15/2013 (dividends reinvested in security)

Superior shareholder returns validate Flowserve's long-term strategy

Path to 2017 Revenue Target



- Last year's 2016 revenue target of $6.5 to $7.0 billion was based on EIF's 5-year estimate for addressable market growth of 5.9% CAGR *
- EIF has revised their estimated addressable market growth rate to 5.0% CAGR for 2013 – 2017, primarily due to slower forecasted growth in China, European uncertainty and a slowing chemical market following the 2011-2012 recovery
- Flowserve's end-user strategy and investments anticipated to drive organic growth of 5.5% to 6.5% CAGR, which is 10% to 30% above that of the addressable market growth rate

*European Industrial Forecasting (EIF) estimates for the growth rate of Flowserve's addressable end markets

OPERATIONS REVIEW

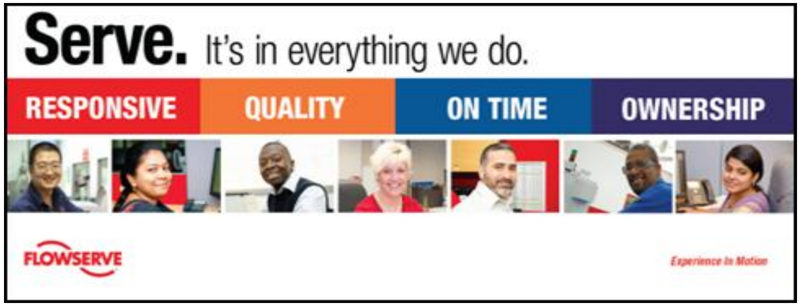
Tom Pajonas, *SVP & COO*

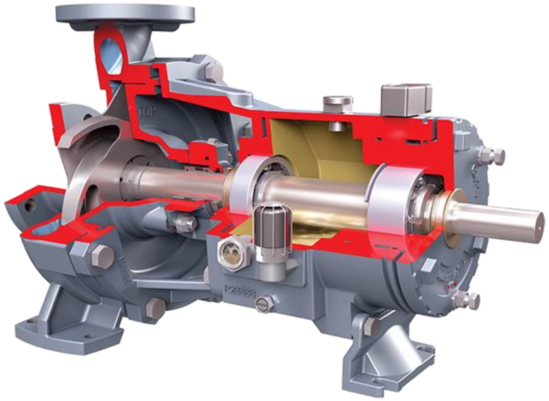
Operational Overview

- **Significant Themes from 2012**
- **Business Overview**
  - Industries Served
  - Product Attributes
- **Market Overview**
  - Customer Trends
  - Product Market Size
  - Served Market
  - Route to Market
  - Industry Analysis
  - The Value Chain
- **Key Operational Strategies**
  - Customer Intimacy
  - Strategic Localization
  - Operational Excellence
  - Technology Leadership
  - Sustainability

Significant Themes from 2012

- **Advanced *One Flowserve***
  - ➢ **Leverage global competencies**
  - ➢ **Leverage customer service**
  - ➢ **Operational focus**
- **Customer Focus Initiative**
  - ➢ **Quality**
  - ➢ **On-time delivery**
  - ➢ **Aftermarket growth**
- **Focus on leveraging operational initiatives**
  - ➢ **Operating platforms**
  - ➢ **SG&A**
  - ➢ **Product costing**
  - ➢ **Proposal and contract execution**
- **Product development**
  - ➢ **Automation**
  - ➢ **Materials**
  - ➢ **Chemical pump**
- **Continued strategic localization**
  - ➢ **Added 4 QRC's mainly in emerging markets**
  - ➢ **Core manufacturing capacity in Brazil, India and China**





Leads to additional propensity for growth and margin expansion

Industries Served

- **Oil & Gas -** Exceeding the demands of difficult applications in the oil & gas industry
- **Power Generation -** Wherever power is produced, Flowserve products and solutions are at work
- **Chemical Processing -** Flowserve products handle the world's most corrosive chemicals
- **Water Resources -** Flowserve solutions meet the water demands of markets worldwide
- **General Industries -** Flowserve products are found in food and beverage, mining, pulp and paper

We pursue a strategy of industry diversity

Typical Project Schedules Across the Industry

Development RFQ PO Shipment Commission

Start | **Project Lifespan** *weeks to >7 years* | **Lifespan of Installed Product** *~40 to 50 years*

Examples

Project Type/Size	*Project Example*	*Project Lifespan – Inception to Start-up*	*Purchase Cycle – PO to Shipment*
Large	**Refinery**	**5 to 7 years**	**Pump 18-24 months** **Valve 12-18 months** **Seals 4 months**
Medium	**Combined Cycle**	**3 to 4 years**	**Pump 12-18 months** **Valve 6-8 months** **Seals 2 months**
Small	**Mining expansion**	**1 to 2 years**	**Pump 6-8 months** **Valve 3-6 months** **Seals 1 month**
Aftermarket	**Spares / Parts**	**24 hours to 3 months**	**Pump 24 hours to 3 months** **Valve 24 hours to 3 months** **Seals 24 hours to 3 months**
Aftermarket	**Alliances**	**e.g., 5-year Valves / Parts Alliance**	

Projects vary between long and short PO to Shipment cycles

Characteristics of Served Industries

- Customers tend to have a longer term view of the industry dynamics
- Less dependent on short term
- $127 billion available market per year for pumps, valves and seals
- Infrastructure plants last 40 to 50 years and require service, revamps and updates
- Local support and service is imperative
- The value chain is localizing (services, supply base, etc.)

Serving a broad set of needs across a diverse set of industries with unique characteristics

Attributes of Products / Services

- Broad portfolio of flow control products
- The product must work when put into critical services
  - Nuclear Plants
  - Refineries
  - Transmission Lines
  - Chemical Plants, etc.
- On-Time Delivery is critical to meet schedules
- Aftermarket Services Life-Cycle is 40-50 years
  - Localized presence
  - Upgrades and re-rates
  - History of service
  - Break-fix
  - Condition-based maintenance

24" Main Steam Isolation Valve

WCC Multistage Barrel Pump

ISC2 Mechanical Seal

Providing the right product at the right time for the most critical applications

FLOWSERVE

Market Introduction

Market

- Extremely fragmented
- Conservative end user base
- Cost of failure to user is typically high
- Distribution continues to consolidate
- Mature markets recovering at a slow rate
- Emerging markets still growth opportunity
- Localization requirements increasing
- Proximity to end user increasingly important

Competitive Environment

- Global competitors have differing competencies
- Expansion via acquisition rather than development
- Product development typically to existing offerings
- Regional (local) players are strong within region
- Low cost country competitors gaining acceptance
- Continued acquisitions and consolidation
- Local firms improving product sophistication

Market dynamics and competitive pressures continue, but attractive opportunities for growth exist

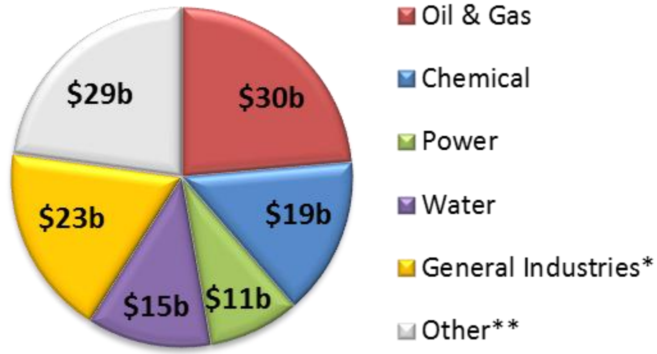
Customer Trends

- Customers focusing resources and investment in emerging markets during the next 5 years
  - ~95% of refinery
  - ~70% of power
  - ~85% of chemical and
  - ~94% of mining
- End users and EPCs leveraging excess capacity in supplier base to apply pricing pressure
- End users increasingly require local content and aftermarket support as condition of award
- Customers pushing more project and operational risk onto suppliers with tougher T&C's
- Korean, Chinese and Indian EPCs focusing on capturing projects in Middle East and Latin America
- Further distributor consolidation is likely, as more players try to ride up the value chain to be closer to the end user
- Abundant low-cost North American shale gas driving aggressive chemical expansion

Supporting customers globally is key to disciplined profitable growth

Total Available Market

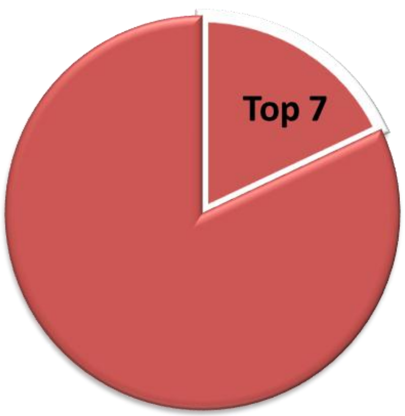
$127 Billion



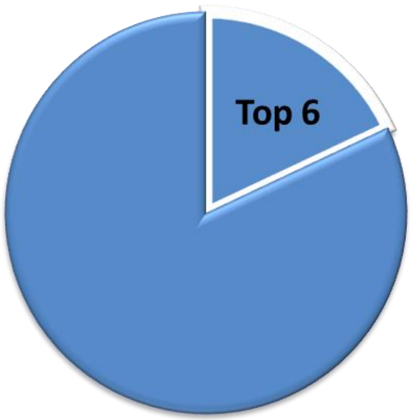
Source: European Industrial Forecasting, company reports and internal estimates;*General Industries: Mining, Pulp & Paper and Food & Beverage, **Other: Building & Construction, Marine and other

Total Available Market – By Pumps, Valves & Seals

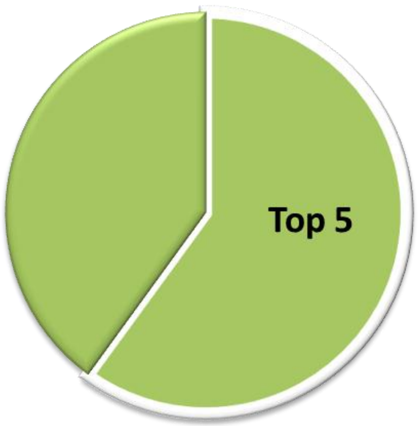
Pumps
$58 billion



Valves
$64 billion

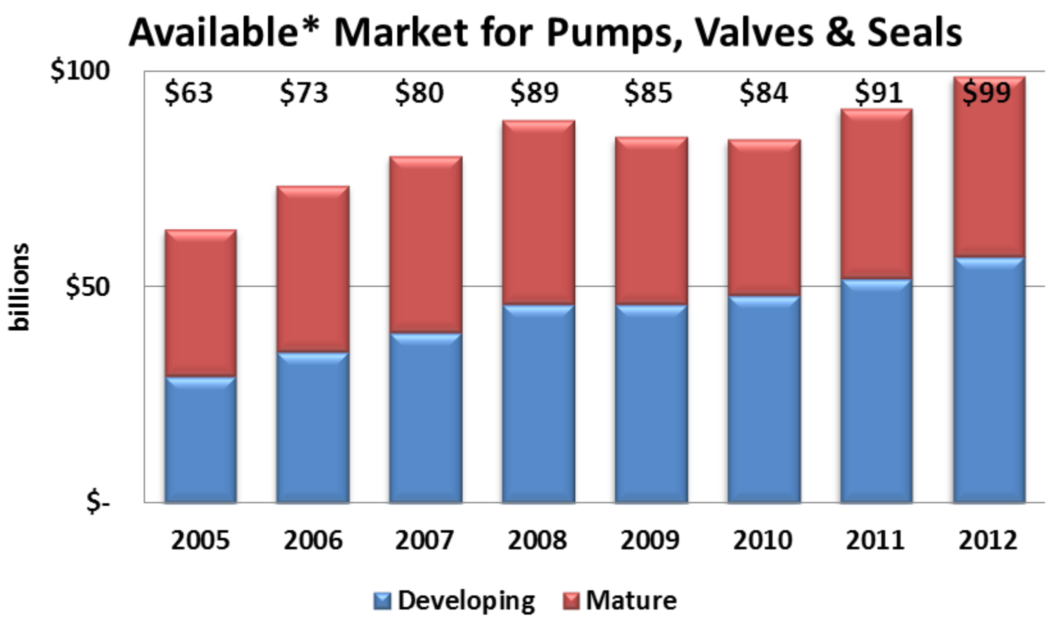


Seals
$5 billion



Pump and valve markets are highly fragmented, seals concentrated among a few competitors

Flowserve's Available Market



- Flowserve serves the market with a broad range of flow control products
- Pump, valve & seal spend is increasingly taking place in developing regions
- Developing markets accounted for about 58% of spend in 2012

Source: European Industrial Forecasting
**Includes oil & gas, chemical, power, water & general industries; excludes building & construction, marine & other*

Pump, valve & seal spend shifting toward developing markets, but significant opportunities found in both developing & mature regions

Well Suited with Growth Opportunities

Flowserve's Served Market

Based on product, route to market and geographical presence

Oil & Gas Total Available Market *$30b*	*% of FLS bookings*	Upstream	Midstream	Downstream
	41%	• Onshore • Offshore & deepwater • Oil sands • Enhanced oil recovery	• Crude oil pipelines • Liquids pipelines • Gas pipelines	• Oil refining • LNG • Heavy oil upgrading • Natural gas processing
	Portfolio strength			
	EPD	◔	◑	◕
	IPD	◔	◔	◔
	FCD	◔	◑	◕

Chemical Total Available Market $19b	*% of FLS bookings*	Basic	Specialty	Pharmaceutical
	19%	• Organic (petrochemical) • Inorganic	• Agriculture • Paints & pigments	
	Portfolio strength			
	EPD	◕	◕	◔
	IPD	◕	◕	◔
	FCD	◕	◕	◔

Power Total Available Market $11b	*% of FLS bookings*	Fossil	Nuclear	Alternative
	14%	• Coal-fired • Gas-fired	• Nuclear service • Auxiliary service	• Solar • Wind • Biomass
	Portfolio strength			
	EPD	◕	◕	◑
	IPD	◑	◑	◑
	FCD	◑	●	◑

Legend

- ● Fully served
- ◑ Partially served
- ○ Not currently served

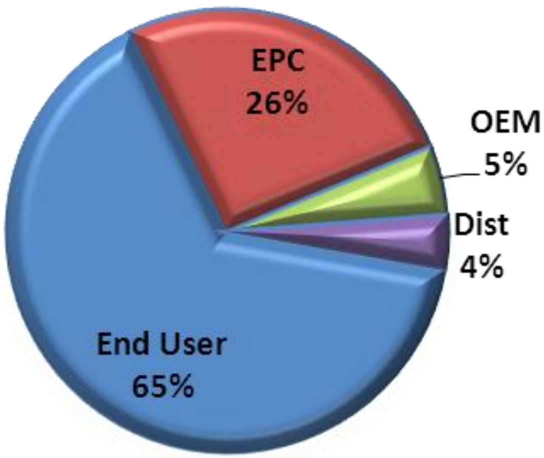
Source: European Industrial Forecasting and internal estimates

Flowserve has strong presence with attractive opportunities for growth in all of our core market segments

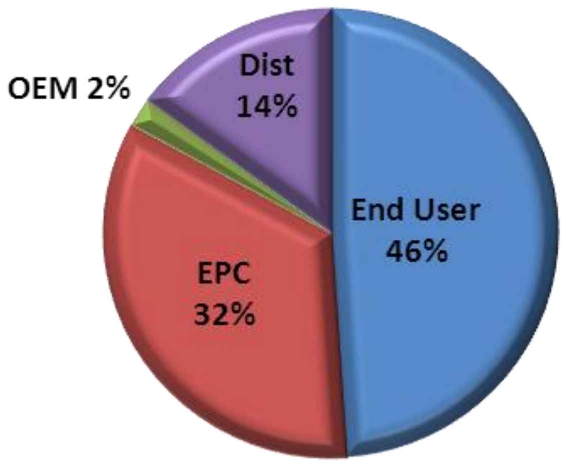
Flowserve Route to Market

End Users, EPC's, Distributors and OEM's

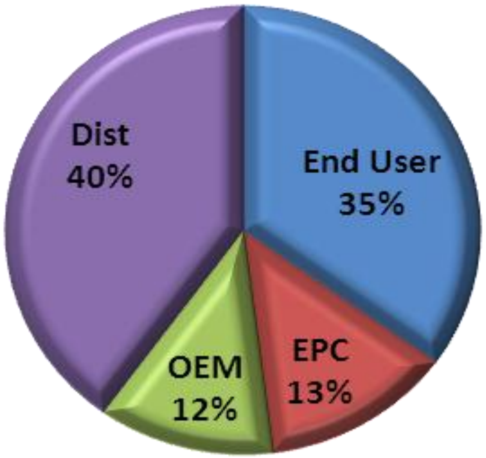
EPD



IPD



FCD



Well positioned with strong market channel relationships

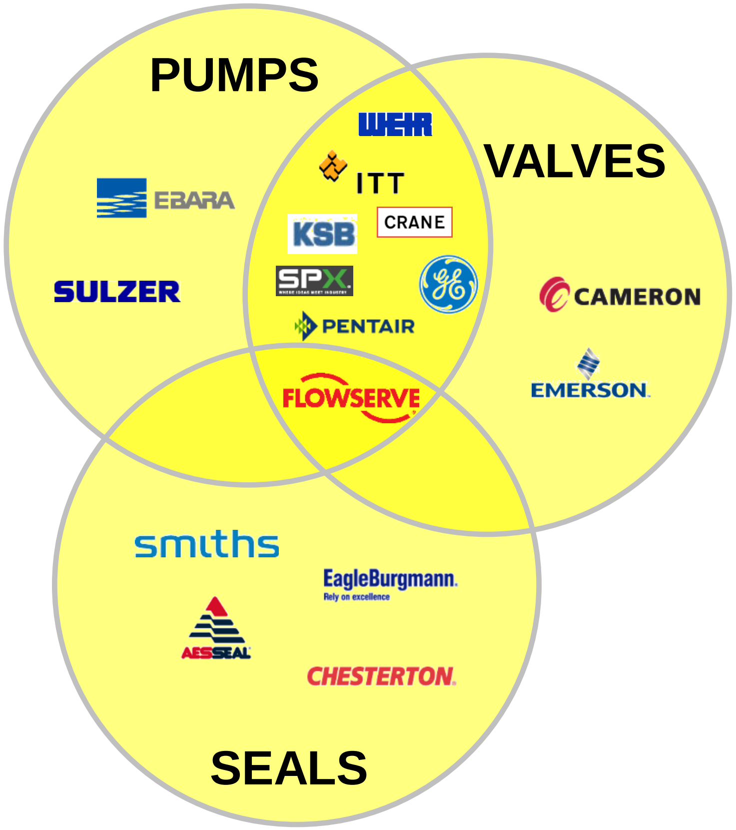
Flowserve's Market Touch Points

- Focus on flow control
- 1,150 direct sales engineers worldwide
- 520 distributors worldwide
- 500 3rd-party representatives worldwide
- 450 aftermarket technical service field staff that are operating in customer facilities on a daily basis

Globalized sales channels provide high service levels to our customers and a significant competitive advantage

Competitive Landscape

From a "traditional" space perspective, Flowserve is uniquely positioned as the only player providing Pumps, Valves, and Seals…



… and faces competitive pressure from a broad variety of players across different industry verticals

	Oil & Gas	Chemical	Power	GI*	Pump, Valve, Seal Sales (in millions)	Est PVS as % of Total Sales**
Flowserve	Strong	Strong	Strong	Moderate	$4,751	100%
Cameron	Strong	Strong	Minimal	Minimal	$2,142	25%
Crane	Strong	Moderate	Minimal	Minimal	$1,196	46%
Ebara	Moderate	Moderate	Strong	Moderate	$1,425	28%
Emerson	Strong	Strong	Strong	Minimal	$2,197	9%
GE	Strong	Moderate	Strong	Moderate	$1,200	1%
ITT	Strong	Strong	Strong	Moderate	$956	42%
Pentair***	Strong	Moderate	Strong	Strong	$3,641	50%
Smiths	Strong	Moderate	Strong	Moderate	$1,536	32%
SPX	Strong	Strong	Strong	Strong	$2,682	53%
Sulzer	Strong	Minimal	Moderate	Strong	$2,237	52%
Weir	Strong	Minimal	Strong	Strong	$3,400	85%

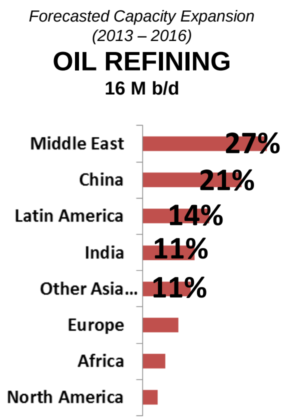
Strong presence
Moderate presence
Minimal presence

Source: Company reports and internal estimates
**General Industries (Mining, Pulp & Paper, Food & Bev, Water)*
***Example: Based on Cameron 2012 total sales of $8,502M, total PVS sales of $2,142M represents ~25% of total sales*
****Includes Tyco Flow Control*

Flowserve is only "pure-play" provider of pumps, valves & seals

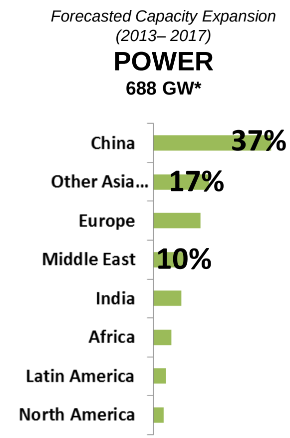
Forecasted New Capacity Expansion Aligns With Footprint

Oil & Gas Industry



- Long-term oil & gas demand outlook continues to support healthy investment
- Refining most active in Middle East & BRIC countries
- North American unconventional resources boom producing strong pipeline & other opportunities

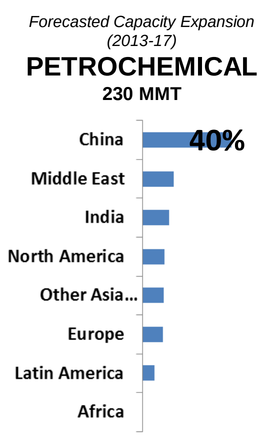
Power Industry



- Emerging market economic development, environmental factors & age of infrastructure drive new capacity
- Asia accounts for majority of new coal-fired capacity; Middle East key for gas
- Nuclear power still in transition & current activity mixed

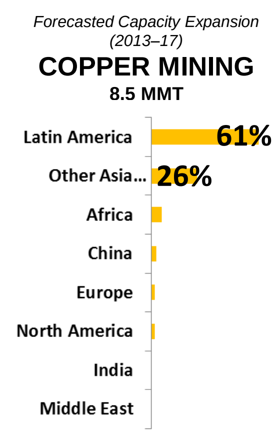
*Includes gas-fired, coal fired, nuclear and solar thermal capacity

Chemical Industry



- China, India & rest of Asia accounts for majority of new capacity
- Middle East continues diversification into chemicals
- Aggressive Investment in US petrochemicals given low-cost shale gas feedstocks

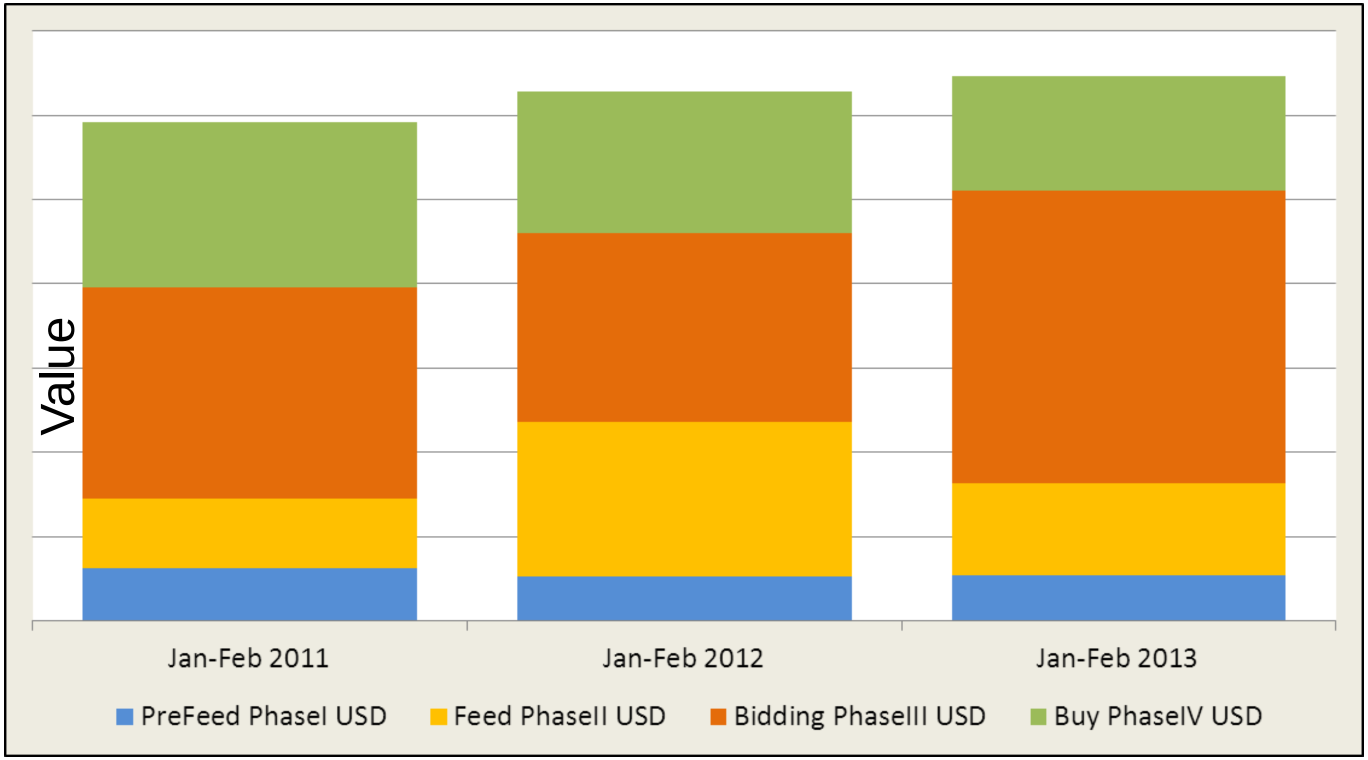
General Industries - Mining



- Latin America key mining market, particularly new copper production
- China, Australia & South Africa also important producers of various minerals
- Miners investing more carefully now, but favorable long-term outlook driven by demand from China & elsewhere

Investment in new capacity concentrated in Asia & Middle East

Original Equipment Project Proposal Trending



Increased Bidding Phase

More projects moving into firm bidding phase

"One Flowserve"
Original Equipment Project Opportunity

Plant Type	Total FLS Opportunity (OE)
Refinery - 300,000 bpd	$60m - $100m
Nuclear Power - 1700 MW	$60m - $80m
Coal Power Station - 600MW	$30m - $40m
Solar Power Station - 250 MW	$20m - $25m
Combined Cycle Power - 650 MW	$10m - $15m

Global Infrastructure build drives project growth and installed aftermarket base

Providing Value Throughout the Entire Schedule

Installed base expansion leads to increased aftermarket opportunities

Large Project

Short Cycle OE

Aftermarket

Initial Process Design

F.E.E.D. Work

"Preferred" Contracts

Bid Project

Design & Build

Start-Up

Spares Inventory

Service & Repair

Inventory Mgmt

Upgrade Retrofit

On Site Asset Mgmt

Engineering Leverage

Engineering, Manufacturing, Supply Chain and Service Leverage

Leverage aftermarket capabilities

Leveraging Global Competencies

(operations, supply chain, HR, finance, IT, legal, R&D, quality, marketing, project management)

"One Flowserve"

The Flowserve Difference

Customer-Centric Culture

On-Time Delivery, Product Quality, Reliability, Local Service

Customer Intimacy

- Understanding of the process, application, and environment
- Local aftermarket presence
- End-to-end view of the project lifecycle

We understand what is important to the customer

Technology Leadership

- Local engineering capabilities
- Technical and application expertise
- Company and customer funded R & D
- Investment in basic and advanced research

We have the technology to solve complex customer problems

Operational Excellence

- Highest On-time-delivery in the industry
- Focus on quality
- Six Sigma culture
- Meeting our commitments to customers

We exceed customer expectations on delivery and quality

Strategic Localization

- Global Quick Response Center (QRC) network
- Shared engineering processes
- Strategic sourcing
- Project management expertise

We have the largest network of company-owned facilities in the industry

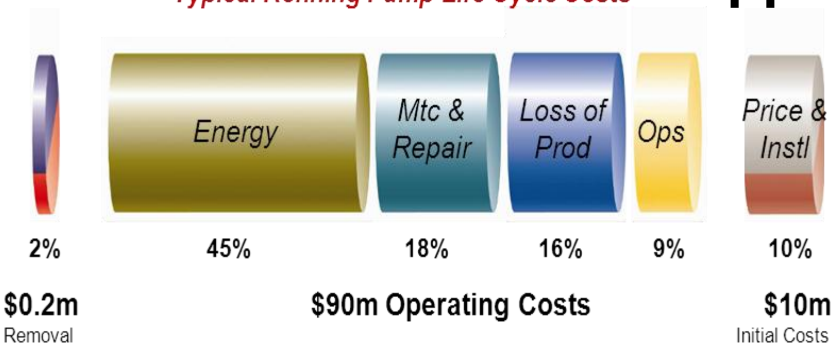
Sustainable Business Model

Growth and margin opportunities

Proximity to Customers Provides Aftermarket Opportunities

Customer Intimacy

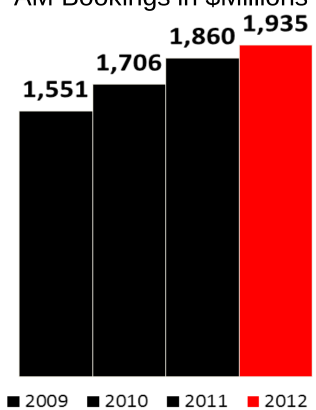
Typical Refining Pump Life Cycle Costs



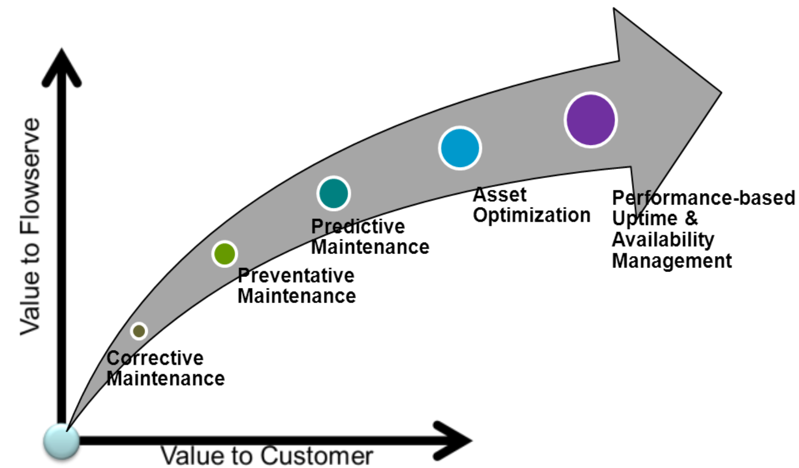
End user customers vary in maintenance philosophies

2009 – 2012 AM CAGR = 7.65%

AM Bookings in $Millions



End user customers typically experience approximately 9 times the initial purchase and installation costs over the equipment's operating life

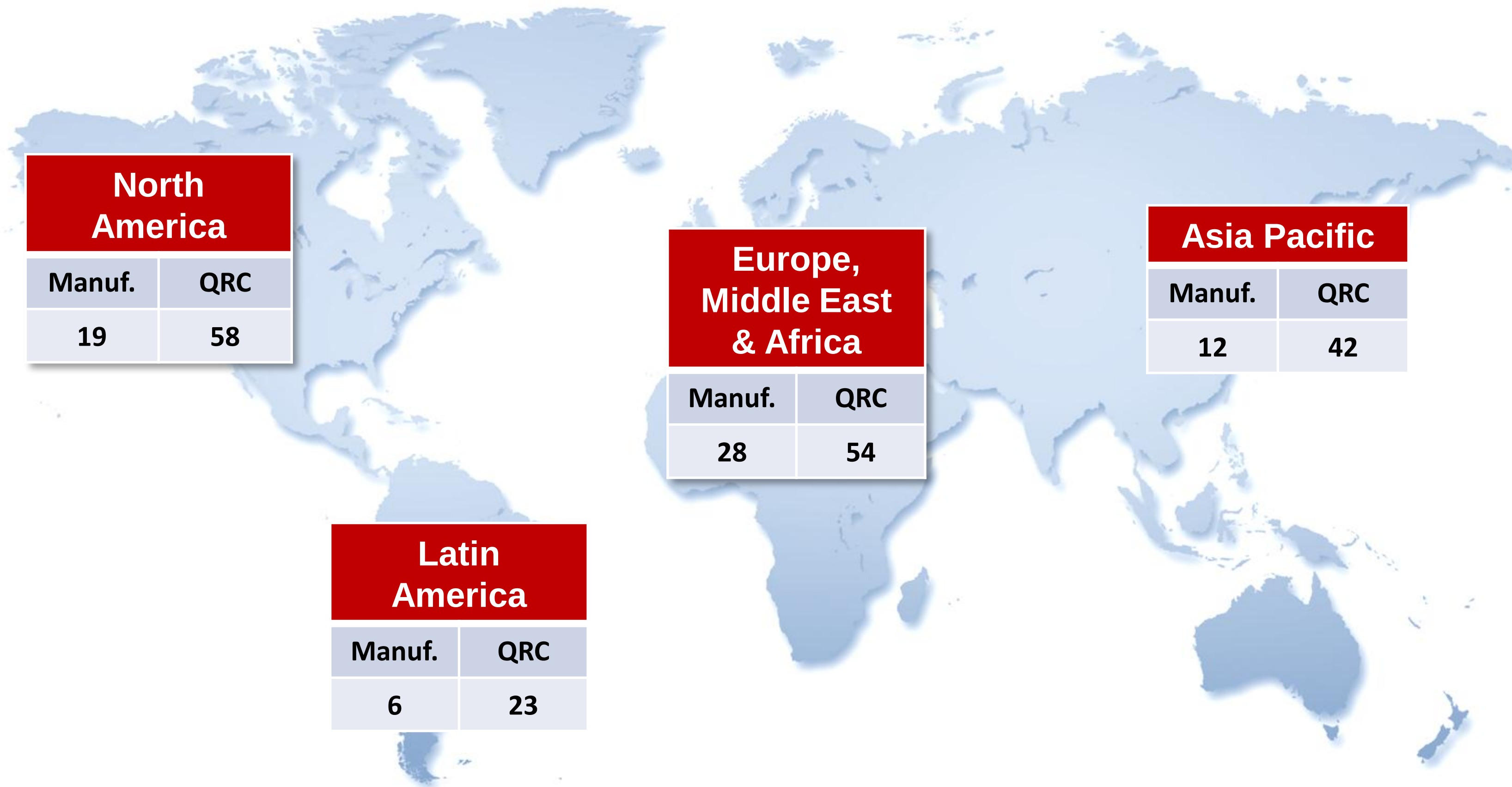


FLS Services & Solutions business drives aftermarket growth

We will leverage large projects, run rate and aftermarket opportunities over the 40 to 50 year cycle

Strategically Located FLS Footprint

Strategic Localization



North America	
Manuf.	QRC
19	58

Europe, Middle East & Africa	
Manuf.	QRC
28	54

Asia Pacific	
Manuf.	QRC
12	42

Latin America	
Manuf.	QRC
6	23

Structured for Growth

65 Manufacturing / 177 QRC Sites Globally

*Excludes non-consolidated JV operations

Strategic Localization

Optimizing Manufacturing Footprint

Lead Product Operation

- *"Product line custodian"* and recognized as the world wide product leader
- Common processes and procedures
- Ensures products are identical irrespective of where it is manufactured

Global Product Focus

Secondary Product Operation

- Implements the manufacturing and aftermarket support within the *designated geographical region* for the assigned product
- Local contract execution
- Local manufacturing
- Local market pricing

Local Product Focus

Developing standardization and quality in emerging market manufacturing facilities while providing a balanced matrix for products and services

Strategic Localization

Expanding Global Operational Footprint

Meeting The Need For Product Localization…

Rio, Brazil (Greenfield)

- 165,000 Ft^2 facility … Opened 2012
- Focused on O&G, Chemical and Mining

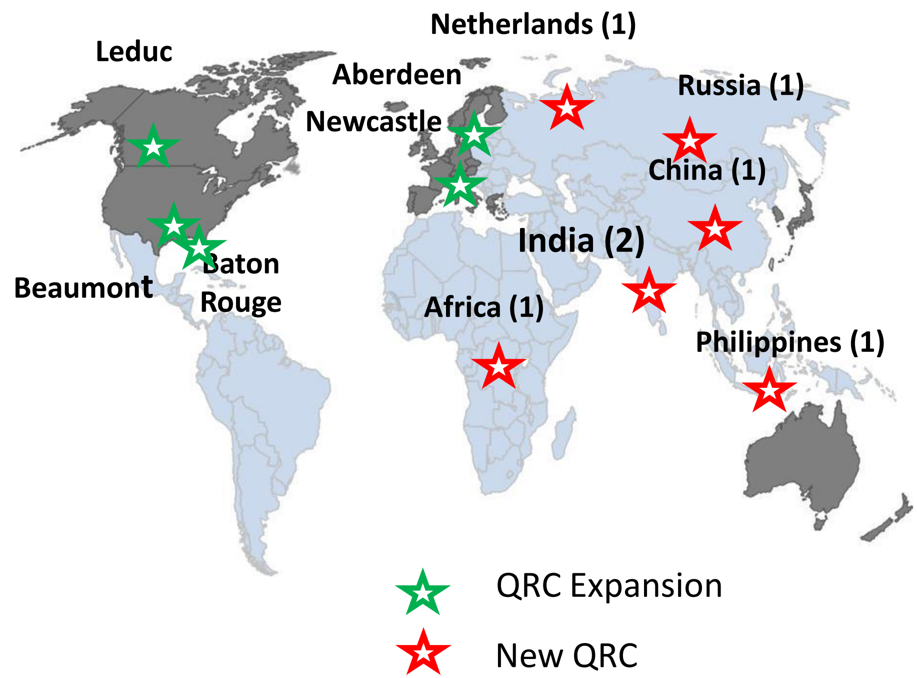
Coimbatore, India (Block III)

- 70,000 Ft^2 addition … Opening 2013
- Focused on Power, O&G and Chemical

Suzhou, China (Greenfield)

- 200,000 Ft^2 facility … Phase 1 opening 2013
- Focused on O&G and Chemical

…Identified 7 New QRC's and 5 Expansions As Continued Build-out Of Global QRC Network During Next 24 Months



Adding manufacturing / QRC capability in growth markets

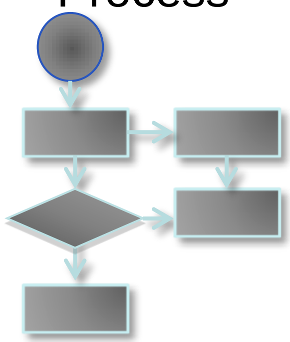
Operational Excellence

Driving the culture for enhanced performance

Customer Focus Initiative…

Problem Solving Methodology

Project Management Process



Focusing on Key Metrics…

Focus	KPI
Safety	LTA
	TRR
	Pure Safety
CIP	Total Savings
OTD	OE
	AM
COPQ	Total Cost
Customer Satisfaction	1-4 Rating

Customer focused culture

Operational Excellence

Driving Quality through Continuous Improvement Process

obvious failure costs

hidden failure costs

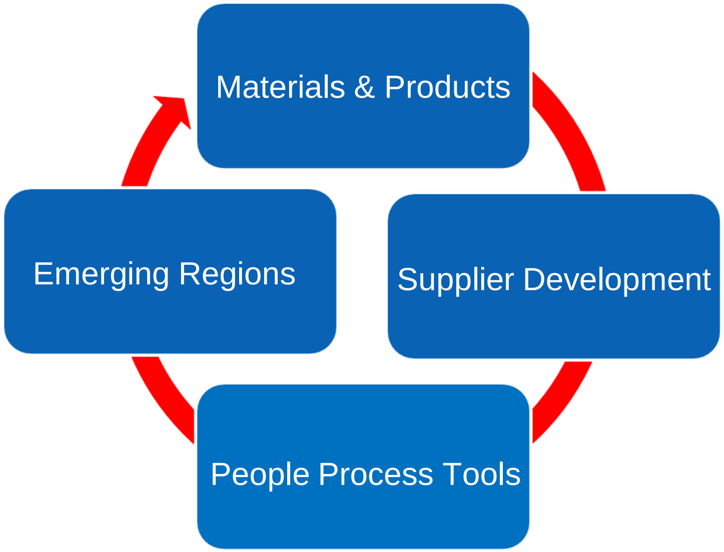
- **Expert Training**
  - 1,784 trained Master Black Belts, Black Belts, Green Belts and Lean experts
- **Product cost reductions**
  - Reduced weight, cost, number of parts
- **COPQ reductions**
  - Rework, scrap, liquidated damages, warranty
- **Process standardization and compliance**

Recognized global leadership position in industries served

Focused on Key Metrics and Processes

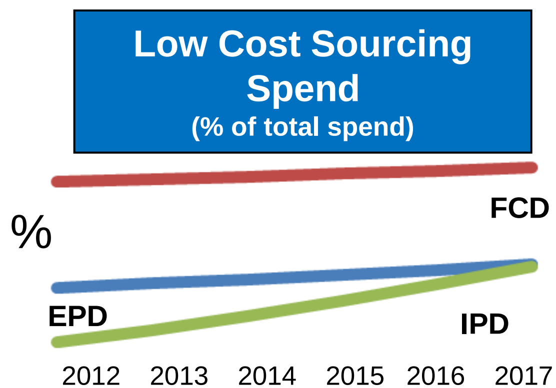
Operational Excellence

…Supply Chain



…Focusing On Key FLS Metrics

Focus	KPI
Working Capital	Inventory Turns
	Days Payable Outstanding
Material Cost	Delivered net cost savings YOY
	Low-Cost Sourcing
Delivery	Supplier OTD%
	Intercompany OTD
Supplier Quality	Supplier COPQ



Strategic initiatives aligned to deliver supply chain KPIs

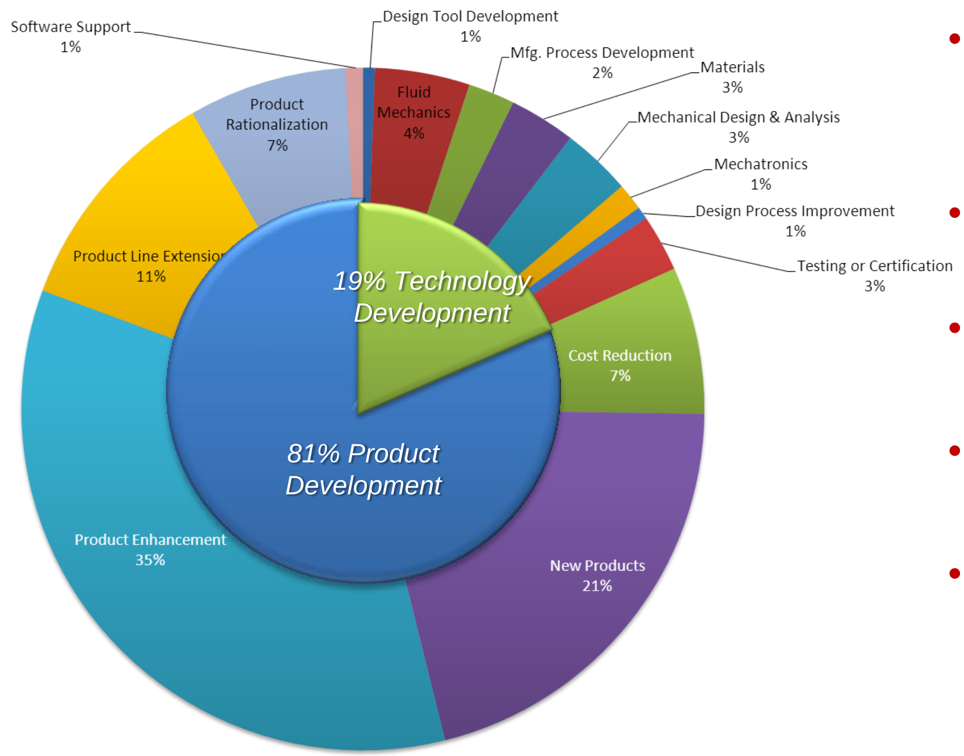
FLOWSERVE

Innovation & Portfolio Mgmt

Technology Leadership

Focus on Research and Development

2012 Spend by Project Type



- Enhanced standards compliance
- New Product Development
- Advanced Materials
- Product Cost Reduction
- Customer co-funded development

A balanced approach between basic research, applied product development, and customer co-funded development keeps us a leader of the industry

Key Priorities and Initiatives for 2013-17

Growth

Strategic Localization	Product Quality	On-Time Delivery	Cost Reduction	Aftermarket Leverage
•Brazil – expand manufacturing •Russia – light assembly for select products and local QRC •India – expand manufacturing •China – expand manufacturing and QRCs •Middle East – grow installed base •North Africa – establish local QRC	•Expand breadth and depth of customer satisfaction metrics •Expand use of CIP and Lean techniques •Expand supplier development programs to improve quality of purchased material •Establish company-wide process and metrics for tracking and reporting cost of quality issues	•Implement best in class Project Management Process •Improve supplier OTD •Expand internal tracking of inter-company OTD •Global and site supply chain integration	•Product cost analysis •Increase low-cost sourcing •Supplier rationalization •Drive COPQ improvements •Improve inventory turns	•Expand integrated Services & Solutions Network •Expand capabilities of QRCs to service the whole portfolio •Accelerate deployment of diagnostics tools as a means to drive aftermarket sales •Develop and deploy additional aftermarket solutions and offerings

SG&A Efficiency

Focus on Innovation

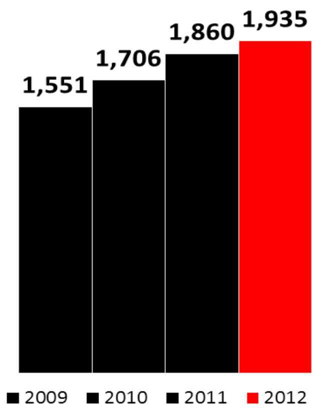
Flowserve's priorities support continued differentiation in the industry and reinforce our areas of key competitive advantage

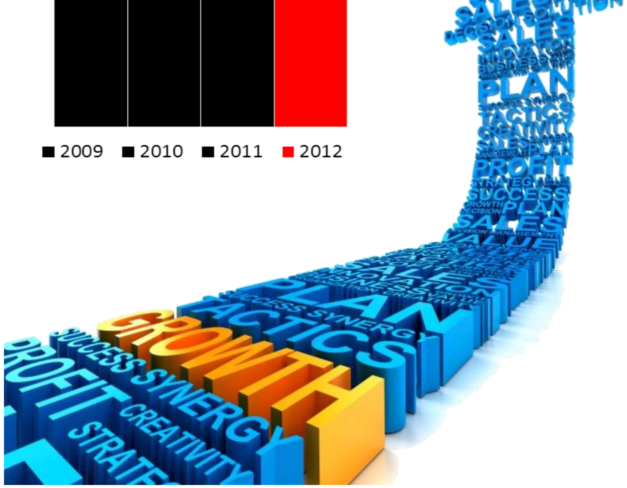
Operations Summary…

Propensity to Grow and Improve

- **Grow our Business**
  - Products
  - Regions
  - Industries
  - Aftermarket growth
  - Inorganically
- **Increase Margin**
  - Product cost reductions
  - Aftermarket growth
  - COPQ reductions
  - Low-cost sourcing
  - Lead time reduction
  - Supplier development
  - Lean and Six Sigma initiatives
  - Pricing optimization

2009 – 2012 AM CAGR = 7.65%





This leads to a growing sustainable business model

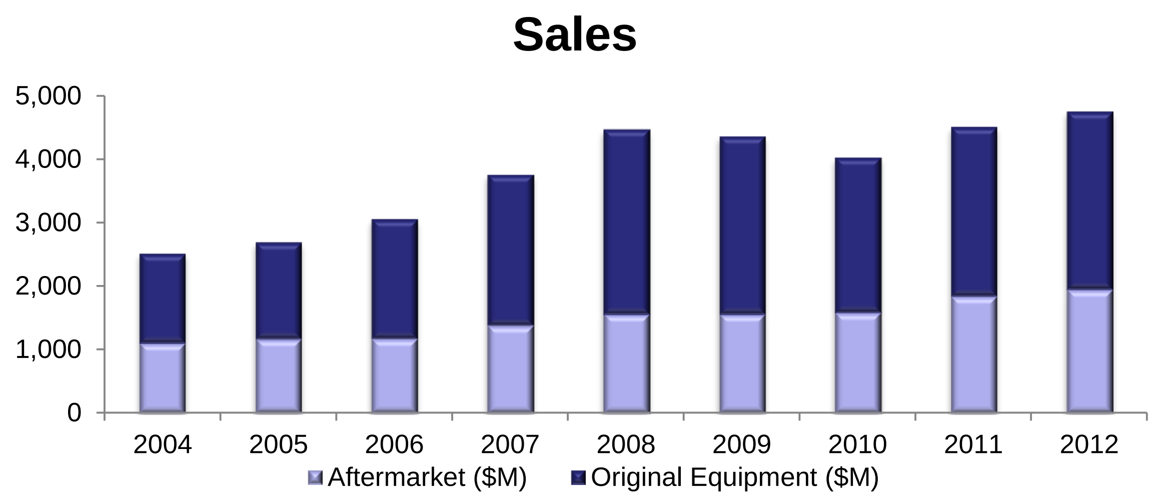
FINANCIAL UPDATE

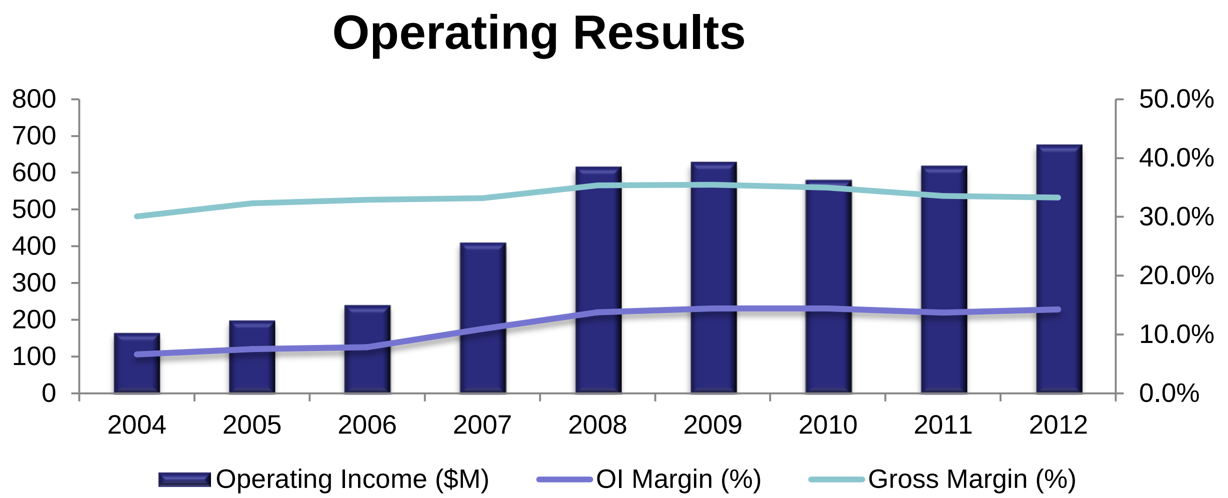
Mike Taff, *SVP and CFO*

Significant Themes

- **Building momentum on margin expansion and cash flow improvement**
  - Focus on operational metrics & costs support margin growth
- **Top-tier performance vs. peers**
  - EBITDA growth and margin expansion
  - Return on capital
- **Successful implementation of 2012 capital structure initiative**
- **Track record of returning capital to shareholders**
- **Solid bookings growth and backlog – despite market uncertainty**
  - Bookings and earnings growth supported by operational excellence and improved cost structure
- **Commitment to improve working capital**
- **Foreign exchange impact**
- **Strong balance sheet**
- **Guidance and driving shareholder value**

Strong Annual Financial Performance

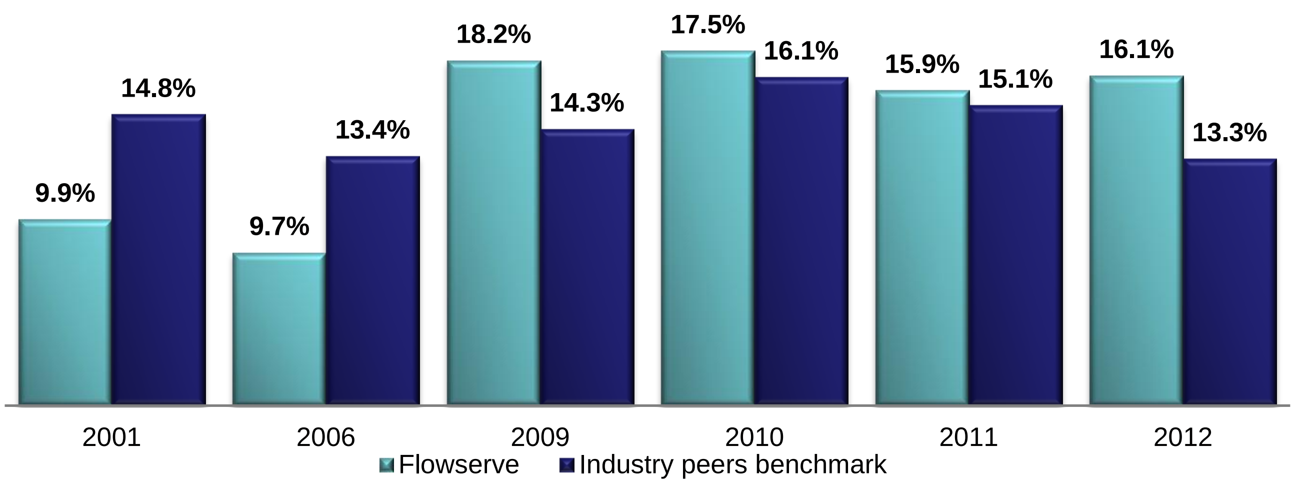




Top-Tier EBITDA Margin Performance

	2001-2012 Change in Margin	2006- 2012 Change in Margin
FLS	480 bps	600 bps
Industry Peers	-150 bps	-10 bps

EBITDA margin comparison

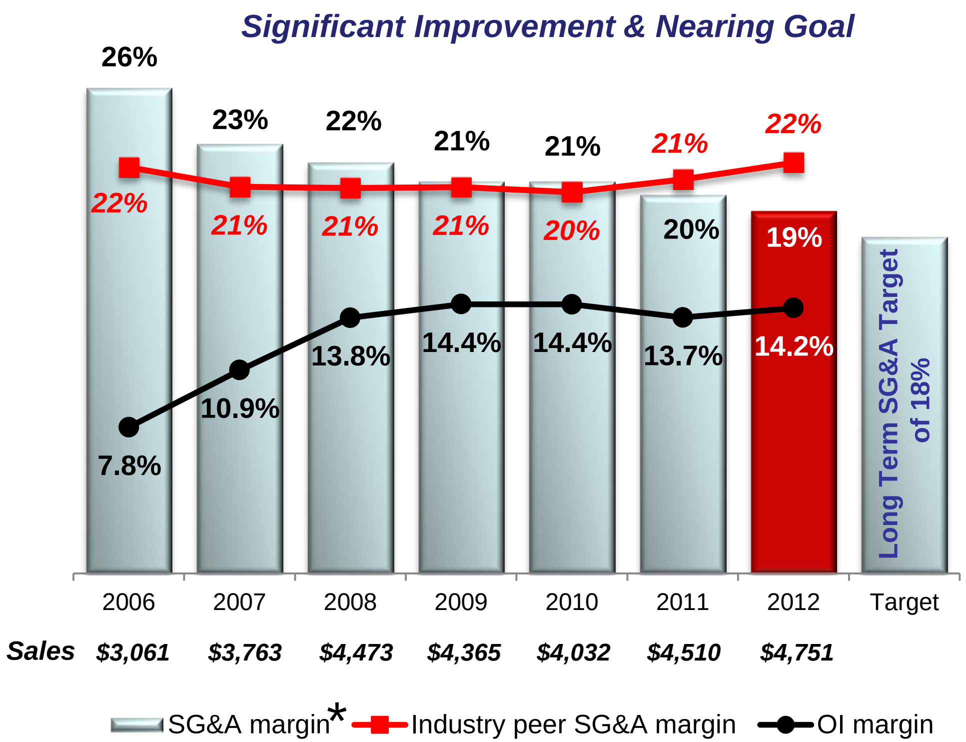


Industry peer group includes: CAM, EMR, PNR, SPW, Smiths Group, CR, KSB, ITT, Sulzer

EBITDA margin improvement through aggressive focus on cost reduction and successful integration of acquisitions

Driving Expense Management Culture

SG&A as % of Sales*



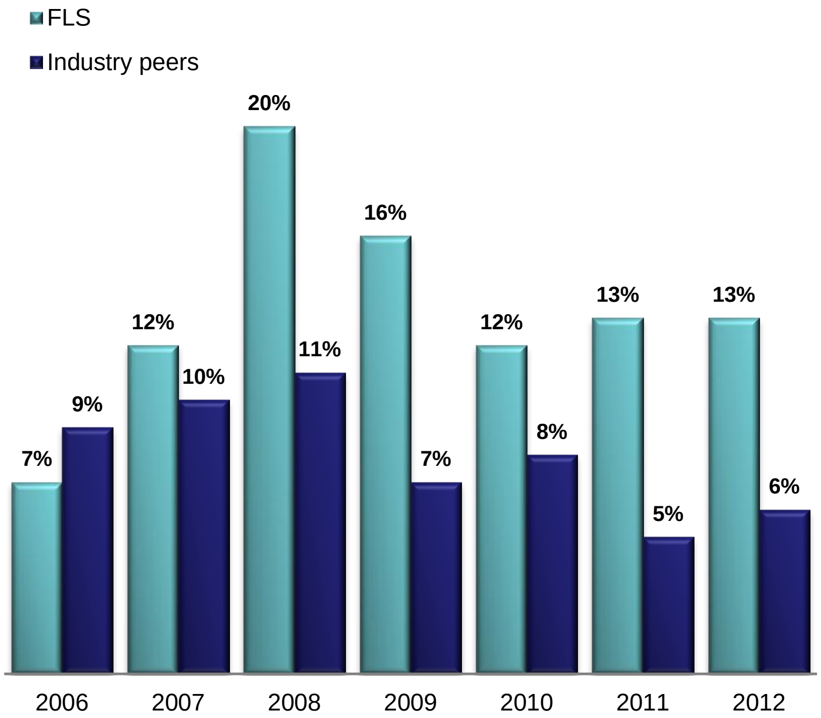
Source: Company filings, FactSet, Bloomberg
Note: Industry peer group includes: CAM, EMR, PNR, SPW, Smiths Group, CR, KSB, ITT, Sulzer

- **Achieved 640 bps improvement in operating margin over the past 6 years**
  - **50 bps improvement in 2012 vs. 2011 in spite of legacy backlog impact**
  - **Backlog quality improved throughout 2012 with increased selectivity of projects despite pricing environment in long-cycle projects**
- **Continued progress towards SG&A as a percent of sales goal of 18%**
  - **90 bps improvement in 2012 vs. 2011**
- **Balanced approach to expense management during period of growth**
  - **Continued investment in aftermarket capabilities through the cycle**

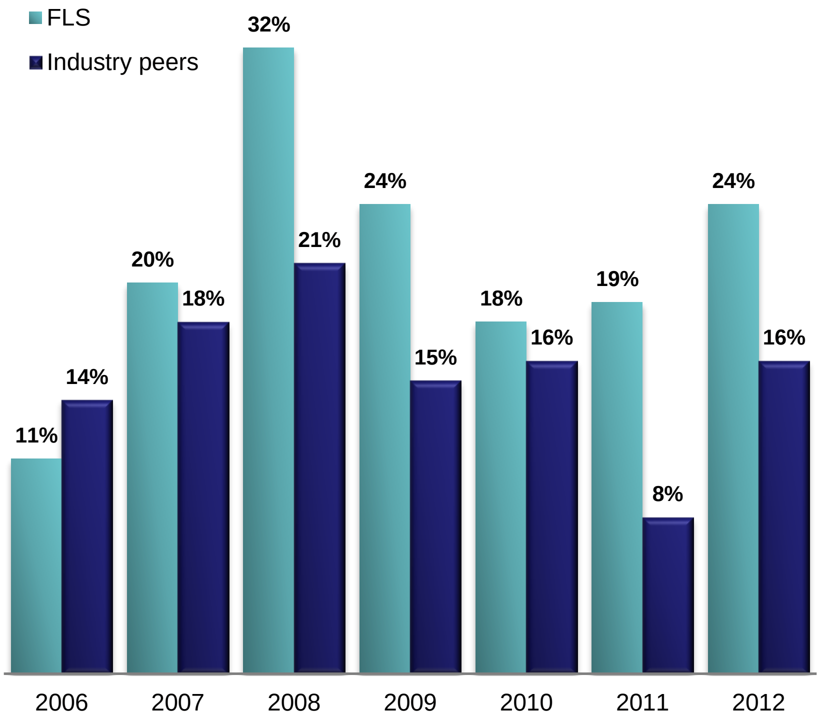
Gaining momentum on SG&A as a percent of sales target of 18% while continuing to invest in growth

Consistent Returns Delivered

Return on Invested Capital



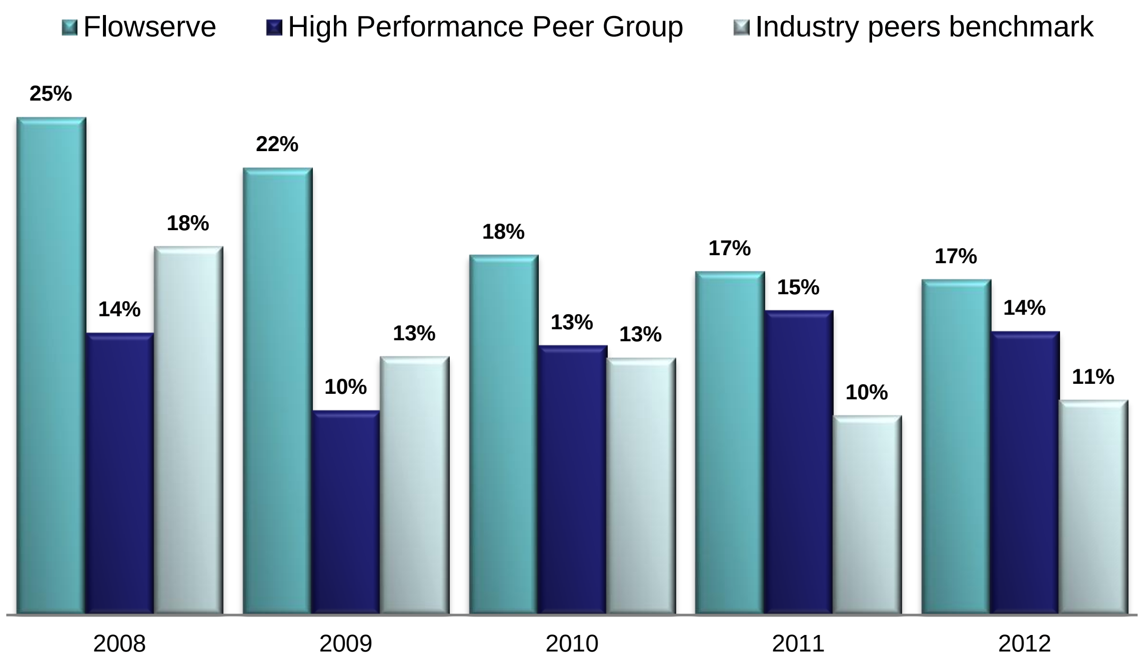
Return on Equity



Note: Industry peer set includes: Cameron, Emerson, Pentair, SPX, Smiths Group, Crane, KSB, ITT, Sulzer

Flowserve ROIC and ROE have continued to outperform Industry peers

Top-Tier Return on Net Assets



- **RONA used to evaluate the return achieved through investment in fixed assets and working capital**
- **Senior executive compensation is tied to RONA performance vs. High Performance Peer Group**

Source: Flowserve analysis, publicly filed financial statements and investment analyst reports.
RONA is based on the average of the beginning and ending net assets for the year measured.
Industry peer group includes: CAM, EMR, PNR, SPW, Smiths Group, CR, KSB, ITT, Sulzer
High Performance Peer Group (used to calculate incentive compensation) includes: CAM, CBE, DNR, DCI, DOV, DRC, GDI, GR, ITW, ITT, LECO, NDSN, PLL, PH, ROK, SKF.B-SE, SUN-VX, WAB, WEIR-LN

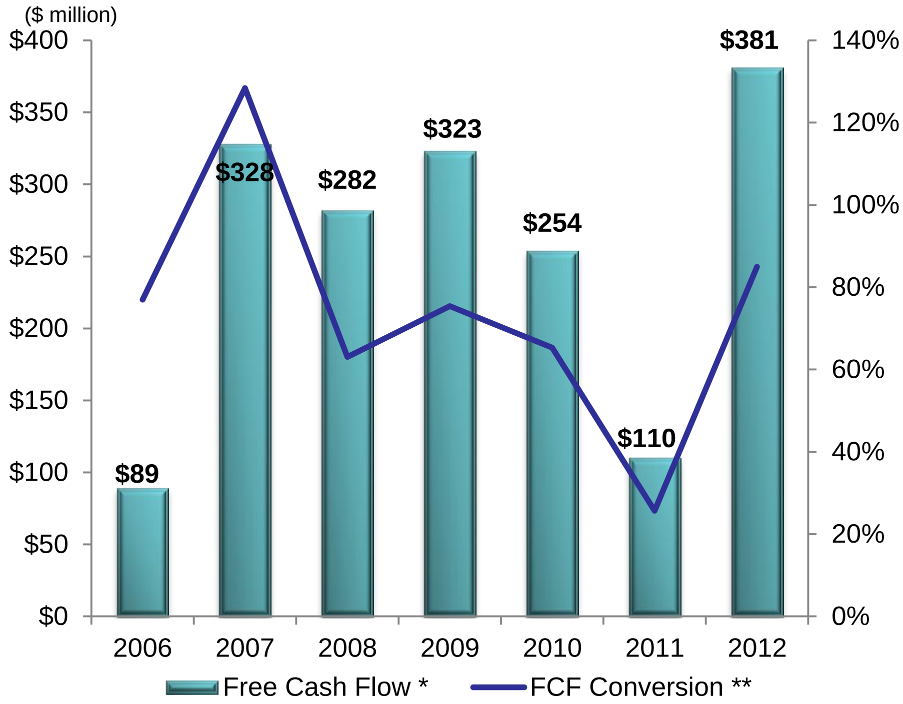
Flowserve outperformed both core and high performance peers over the last five years

Improved Cash Flow Generation

Strong free cash flow driven by:

- Increased investment in emerging markets and aftermarket capabilities
- Operational excellence
- Capital expenditures in excess of depreciation to drive organic growth is headwind to FCF conversion

	2006	2007	2008	2009	2010	2011	2012
Operating Cash Flow	$163	$417	$409	$431	$356	$218	$517
Capital Exp.	($74)	($89)	($127)	($108)	($102)	($108)	($136)
FCF	**$89**	**$328**	**$282**	**$323**	**$254**	**$110**	**$381**

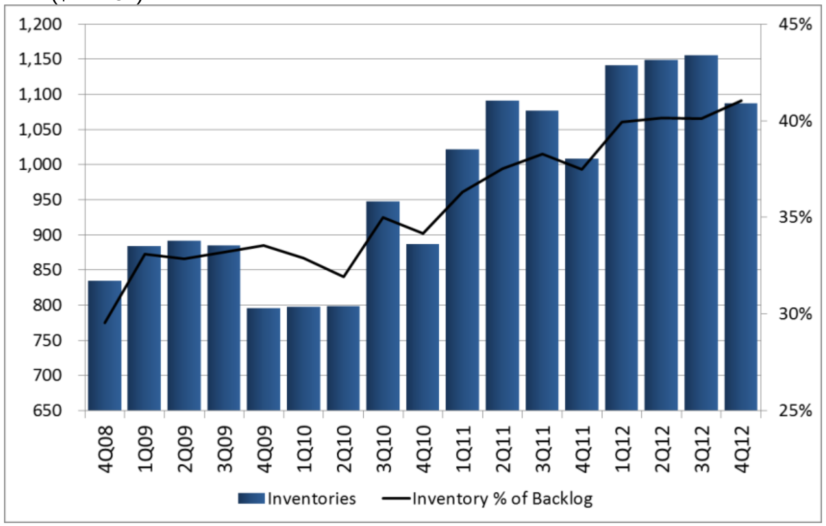


* FCF = Operating Cash Flow – Capital Expenditures
** FCF Conversion = Free Cash Flow / Net Income

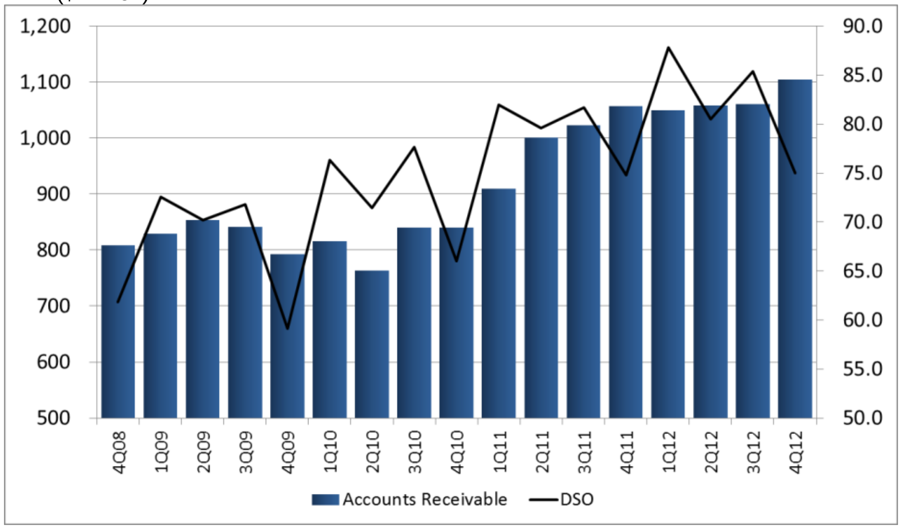
While work remains, solid free cash flow generation progress in 2012 targeting free cash flow at net income level

Focus on Working Capital Improvement

Inventory
($ million)



Accounts Receivable
($ million)



- Implementing process improvement plans developed by our CIP teams and third party experts
  - Reduced past due backlog by 18.7% in 2012 versus year end 2011
  - Black belts deployed across the business improving our working capital management processes

Gaining traction on accounts receivable dispute identification, resolution and collection process improvements

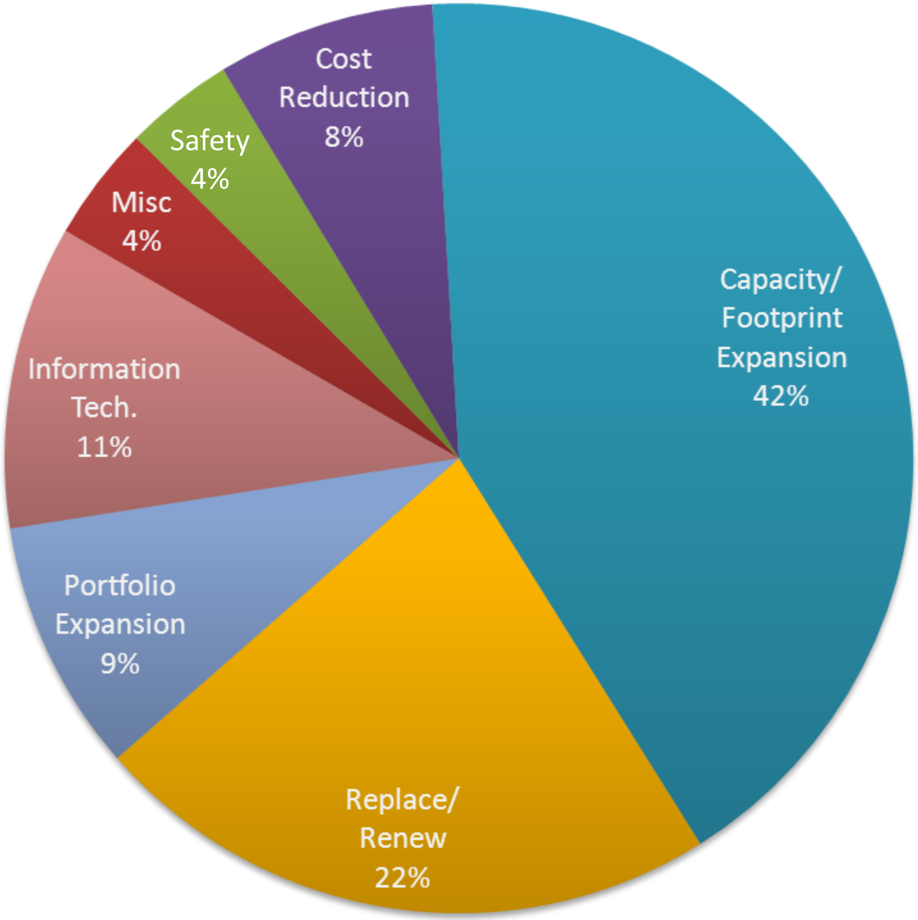
FLOWSERVE

Strategic Approach to Deploying Capital

- Capital spending focused on most accretive, long-term investment in both the operating platform and returning capital to the shareholder
  - Capital expenditures made to support ongoing revenue & earnings growth
  - Shareholder payout ratio of 40 – 50% for dividends and share repurchases, following completion of $1 billion repurchase program
  - Debt level expected to remain within stated 1-to-2x Debt to EBITDA leverage target

Category	2006-2012	% of Total
Share Repurchases & Dividends	$1.62B	48%
Capital Expenditures	$744M	22%
Acquisitions, net of divestitures	$278M	8%
Debt Payment & Elimination of Factoring	$252M	7%
U.S. Pension Contributions	$237M	7%
Realignment	$77M	2%
Increase in Cash	$208M	6%

Directional CAPEX Profile

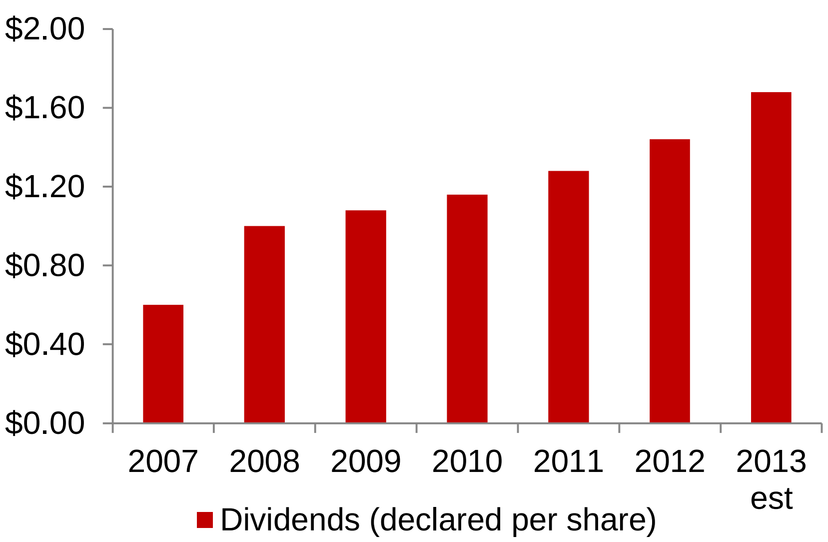


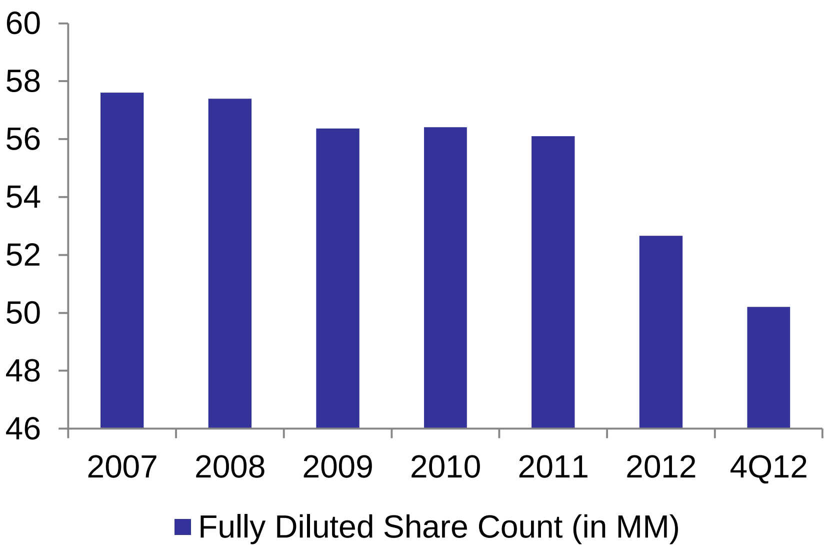
- **Expanding our manufacturing capacity and QRC network, primarily in emerging markets**
- **Continue to upgrade production equipment to improve industry-leading operational performance**
- **Invest in additional information systems infrastructure to improve support function integration and reduce costs**

Capital spending supports strategic organic growth

Consistent Returns to Shareholders

- Annual declared dividends increased 180% to the anticipated $1.68 per share in 2013 from $0.60 per share in 2007
- Repurchased approximately $1.3 billion of shares from 2006 to early 2013, reducing total diluted share count by nearly 15% since 2005





Capital Structure Policy

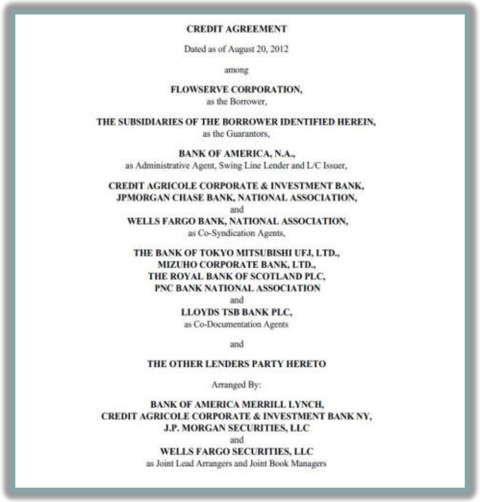
- Announced a policy in December 2011 of returning 40-50% of running 2-year average net income through share repurchases and dividends
- In May 2012, announced plan to further improve efficiency
  - Planned target range of Debt to EBITDA of 1-to-2 times
  - Accelerated a $1 billion stock repurchase plan
  - Committed to a strong balance sheet and flexibility to fund growth
- Upgraded to “investment grade” by all major rating agencies in 2012

Moody's Investors Service
Rating Action: Moody's upgrades Flowserve to Baa3

Standard & Poor's Ratings Services
Flowserve Corp. Upgraded To 'BBB-' On Good Operating Performance And More Explicit Financial Policy; Outlook Stable

FitchRatings
Fitch Upgrades Flowserve to 'BBB-'; Outlook Positive

Progress on Capital Structure



CREDIT AGREEMENT

Dated as of August 20, 2012

among

FLOWSERVE CORPORATION,
as the Borrower,

THE SUBSIDIARIES OF THE BORROWER IDENTIFIED HEREIN,
as the Guarantors,

BANK OF AMERICA, N.A.,
as Administrative Agent, Swing Line Lender and L/C Issuer,

CREDIT AGRICOLE CORPORATE & INVESTMENT BANK,
JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,
and
WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Co-Syndication Agents,

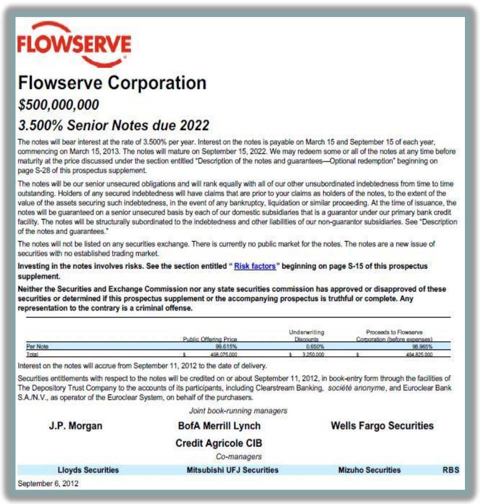
THE BANK OF TOKYO MITSUBISHI UFJ, LTD.,
MIZUHO CORPORATE BANK, LTD.,
THE ROYAL BANK OF SCOTLAND PLC,
PNC BANK NATIONAL ASSOCIATION
and
LLOYDS TSB BANK PLC,
as Co-Documentation Agents

and

THE OTHER LENDERS PARTY HERETO

Arranged By:

BANK OF AMERICA MERRILL LYNCH,
CREDIT AGRICOLE CORPORATE & INVESTMENT BANK NY,
J.P. MORGAN SECURITIES, LLC
and
WELLS FARGO SECURITIES, LLC
as Joint Lead Arrangers and Joint Book Managers



Flowserve Corporation

$500,000,000

3.500% Senior Notes due 2022

The notes will bear interest at the rate of 3.500% per year. Interest on the notes is payable on March 15 and September 15 of each year, commencing on March 15, 2013. The notes will mature on September 15, 2022. We may redeem some or all of the notes at any time before maturity at the price discussed under the section entitled "Description of the notes and guarantees—Optional redemption" beginning on page S-28 of this prospectus supplement.

The notes will be our senior unsecured obligations and will rank equally with all of our other unsubordinated indebtedness from time to time outstanding. Holders of any secured indebtedness will have claims that are prior to your claims as holders of the notes, to the extent of the value of the assets securing such indebtedness, in the event of any bankruptcy, liquidation or similar proceeding. At the time of issuance, the notes will be guaranteed on a senior unsecured basis by each of our domestic subsidiaries that is a guarantor under our primary bank credit facility. The notes will be structurally subordinated to the indebtedness and other liabilities of our non-guarantor subsidiaries. See "Description of the notes and guarantees."

The notes will not be listed on any securities exchange. There is currently no public market for the notes. The notes are a new issue of securities with no established trading market.

Investing in the notes involves risks. See the section entitled " Risk factors" beginning on page S-15 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Public Offering Price	Underwriting Discounts	Proceeds to Flowserve Corporation (before expenses)
Per Note	99.615%	0.650%	98.965%
Total	$ 498,075,000	$ 3,250,000	$ 494,825,000

Interest on the notes will accrue from September 11, 2012 to the date of delivery.

Securities entitlements with respect to the notes will be credited on or about September 11, 2012, in book-entry form through the facilities of The Depository Trust Company to the accounts of its participants, including Clearstream Banking, *société anonyme*, and Euroclear Bank S.A./N.V., as operator of the Euroclear System, on behalf of the purchasers.

Joint book-running managers

J.P. Morgan   BofA Merrill Lynch   Wells Fargo Securities

Credit Agricole CIB

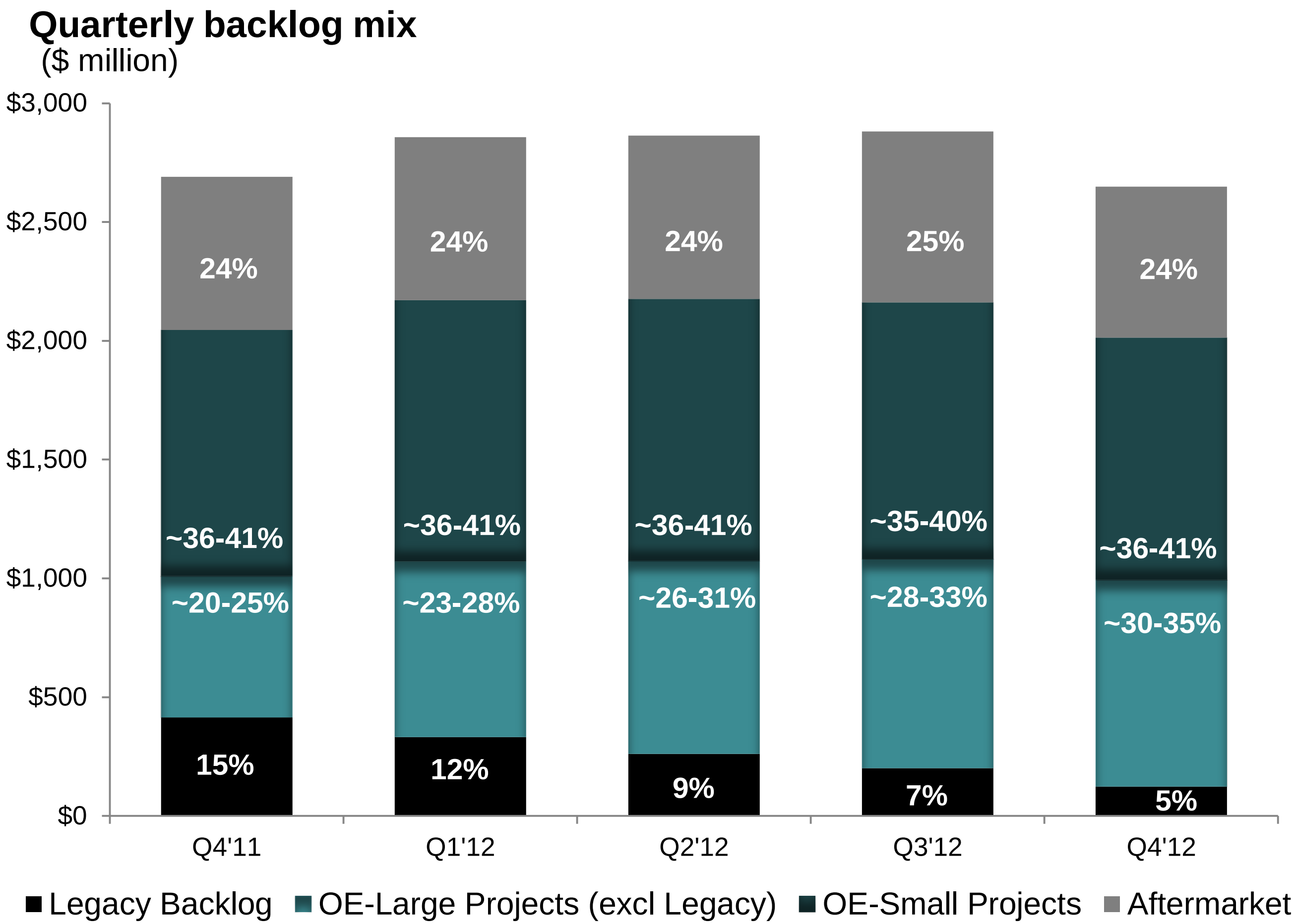
Co-managers

Lloyds Securities   Mitsubishi UFJ Securities   Mizuho Securities   RBS

September 6, 2012

- Completed new $1.25 billion, 5-year credit facility
- Issued $500 million of 10-year, 3.5% senior notes
- Returned nearly $850 million to shareholders during the year, including $300 million ASR program
- Year-end leverage of 1.2x EBITDA; at low end of 1-to-2x target
- Announced additional corporate actions in February 2013
  - Replenished stock repurchase program of $750 million,
  - Dividend increase of 16.7% to 42 cents per quarter, and
  - A planned 3-for-1 stock split, subject to shareholder action
- Planned completion of $1 billion share repurchase plan in 1H13
  - Afterwards, resume policy of returning 40-50% of 2-year average net income through share repurchases and dividends

Improved Backlog Quality



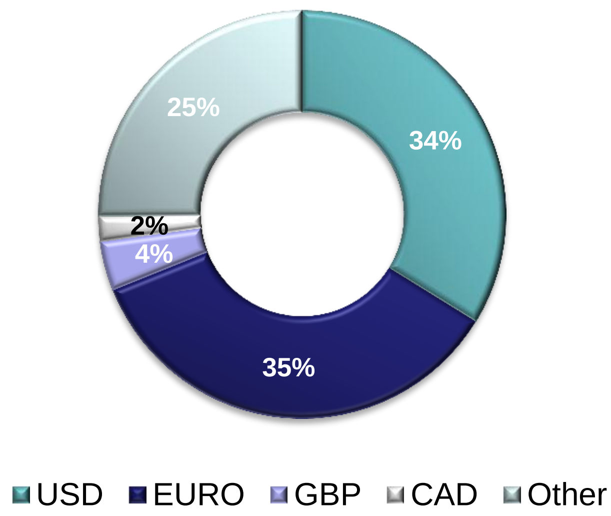
- **Large projects comprise approximately 35%-40% of backlog**
- **Large pump project costs include approx. 40% of buyout items such as motors and castings, which carry little margin, particularly in down cycle**

Backlog quality has improved as legacy backlog shipped in 2012 reduced the current level to approximately 5% of backlog

Disciplined Foreign Currency Management

- **Roughly 2/3 of revenue is translated into US dollars from non-US dollar reporting entities**
  - **A stronger US dollar versus prior year results in lower reported revenue**
- **FLS executes foreign currency forwards on large contracts to lock in the cash margin at the project award date**
  - **Roughly half of equipment manufactured in Europe is for export**
- **FX hedges are marked-to-market each quarter end and flow through earnings in "Other Income/Expense"**
  - **Sequential strengthening in the US dollar results in a non-cash loss on the mark-to-market below-the-line**
- **Reported gain/loss on the hedges will have a reverse impact in gross margin in future quarters as revenue is recognized (assuming constant currency rates going forward)**

2012 Sales Currency



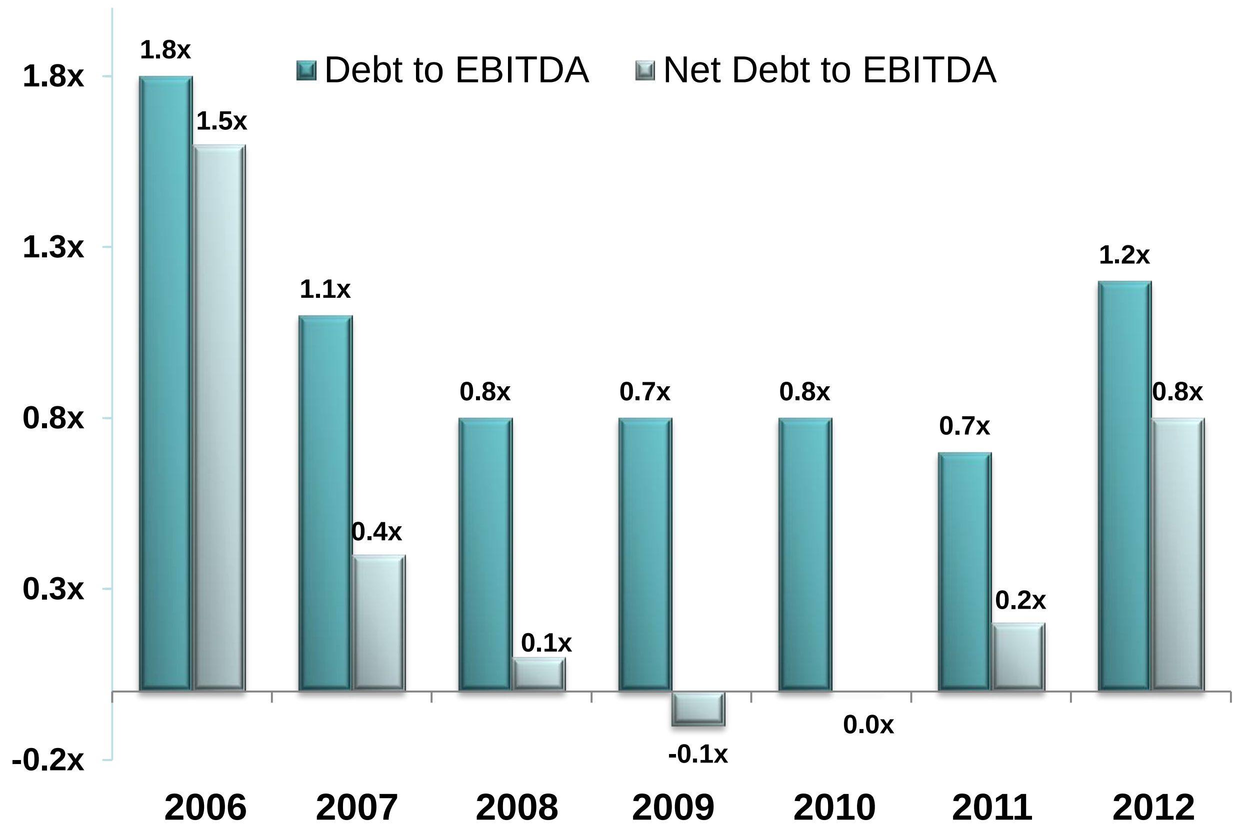
FX contracts (USD equivalent)

	12/31/11	12/31/12
Notional Outstanding	$481M	$609M

Foreign currency risk management strategy minimizes fluctuations in cash flow from foreign exchange rate movements

Flexibility with Strong Balance Sheet

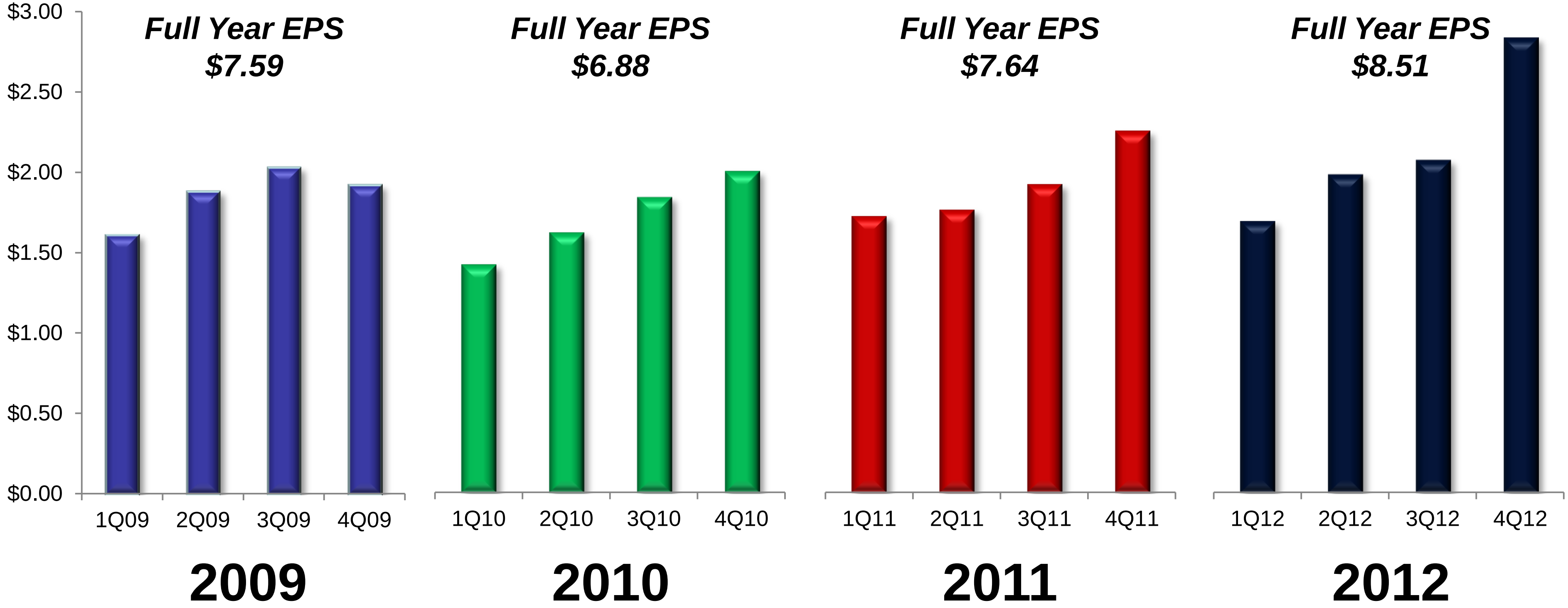
- **Targeted Debt to EBITDA of 1 to 2 times**
- **Conservative management of the balance sheet through the cycle provided flexibility**
- **Financial performance and strong banking relationships should enable ample access to capital if needed to support strategic objectives**



Efficient capital structure supports investments to grow the business and return cash to shareholders

EPS Seasonally Second-Half Weighted

(Quarterly Earnings Per Share - diluted)



Note: Sum of quarters may not equal full year due to share repurchases and the associated average share counts for the respective periods

2013 Guidance Range

2013 EPS [1]	**\$9.60 – \$10.60**
Revenue Growth [2]	**4 – 6%**
Tax Rate	**30%**
Venezuela Currency Devaluation Impact (in 1Q13)	**~ (\$0.07 – \$0.09) of EPS**
Capital Expenditures	**\$120 – \$130M**
Pension Contributions	**\$25 – \$30M**
Capital Returned to Shareholders [3]	**\$425 – \$475M**
Longer Term Guidance:	
1-2 Year Operating Margin Improvement (from 2012 levels)	**100 – 200 bps**
SG&A as a Percent of Sales	**18%**

[1] Similar to recent years, 2013 earnings will be second half weighted. Additionally, first half earnings will be effected by Venezuela's currency devaluation and shipments of the majority of remaining legacy backlog
[2] Does not assume impact of potential acquisitions which may arise
[3] Includes dividend and completion of \$1 billion buyback plan, followed by return of 40 - 50% of 2 year average of net earnings to shareholders annually

Delivering on Commitments to Shareholders

Revenue Growth
8-10% CAGR
2017 Target

Margin Expansion
1-2 Year Operating Margin
Target of 100 – 200 bps

Earnings Improvement
Diverse end markets, geographies and cycle exposure provide stable bookings and earnings through cycles

Increasing Free Cash Flow
Earnings growth generating increasing FCF to support growth initiatives and return capital to shareholders

Dividend Growth

40 - 50% annual earnings returned to shareholders

Share Repurchases

Driving shareholder value and business improvement

SUMMARY REMARKS

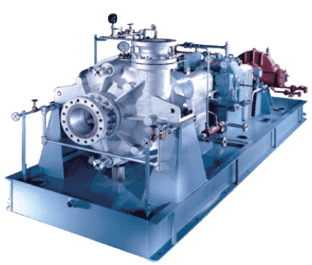
Mark Blinn, *President & CEO*

Disciplined Profitable Growth and Long-Term Shareholder Value Creation

- Unified, "***One Flowserve"*** leadership drives disciplined growth and operational excellence across platform
- Demonstrated growth and stable earnings, through the cycle, is a result of our diversity: products, services and geographic exposures
- Business model focused upon:
  - Disciplined approach to top-line growth – organic & bolt-on acquisitions
  - Cost control – both in COGS and SG&A
  - Driving significant margin opportunities and realizing propensity of this business
  - Enhanced by consistent capital allocation policy
  - Delivers powerful EPS potential
- Flowserve is committed to creating shareholder value

Disciplined Revenue Growth

- Organic growth driven by strategic investments in product development, industries, regions and aftermarket capabilities
  - Targeted capacity increases include Brazil, China and India
  - Expect sales to increase 10-30% above addressable market growth rate
- Inorganic growth focused on acquisitions in technologies, products and regions that fill gaps - enabling accelerated growth and key market access
  - Disciplined process realizes accretive assets and shareholder value



Lawrence Pumps
2011 Acquisition
Cash Paid - $89.6M
Price/EBITDA – 8.9x

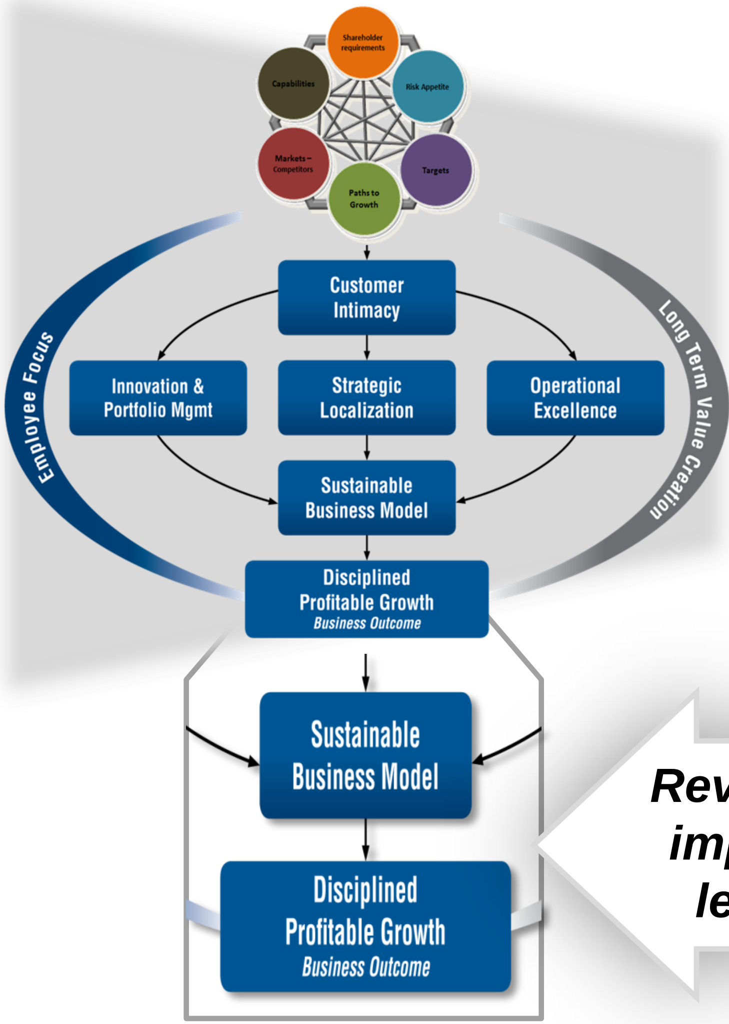
Valbart
2010 Acquisition
Cash Paid - $199.4M
Price/EBITDA – 8.1x

Calder
2009 Acquisition
Cash Paid - $30.8M
Price/EBITDA – 9.7x

Increased Margin Opportunity

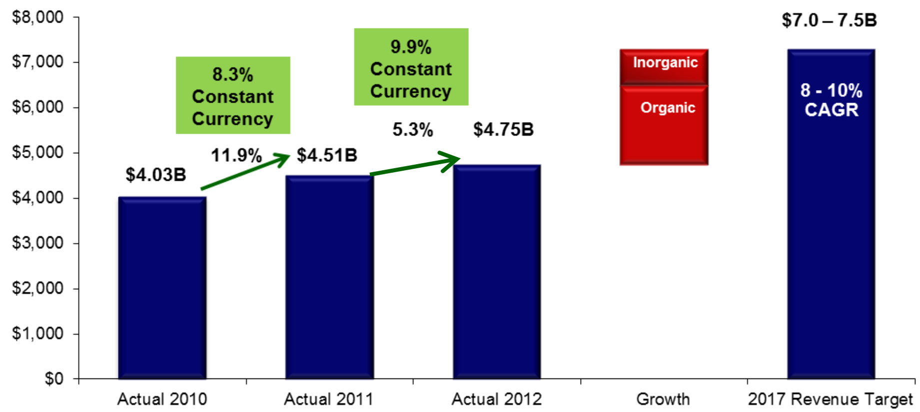
- Leverage organic and bolt on acquisition top-line growth
- Continue to invest in and grow aftermarket
- Operational excellence focus
  - On-time delivery, lead times, cost of quality and low-cost sourcing
  - "Engineering costs out of our products"
- Continued progress on IPD's operational improvement
- Achieve SG&A as a percent of sales target of 18%

Leveraged Earnings Growth



Path to 2017 Revenue Target

Targeted Sales Growth 2013 - 2017



Revenue and aftermarket growth, operational improvements and share repurchases drive leveraged earnings growth and cash flow

Commitment to Returning Capital

Share Repurchases

Solid history of disciplined capital allocation and expect share repurchases to continue through 40-50% payout policy

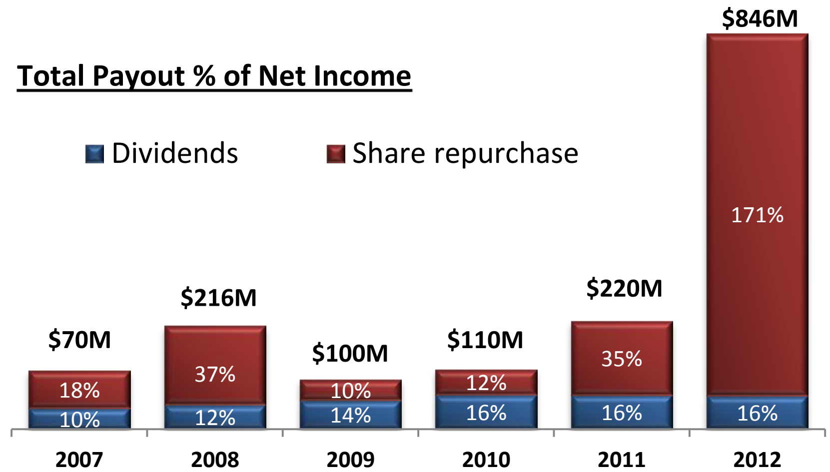
Replenished stock repurchase authorization to $750 million in Q1 2013

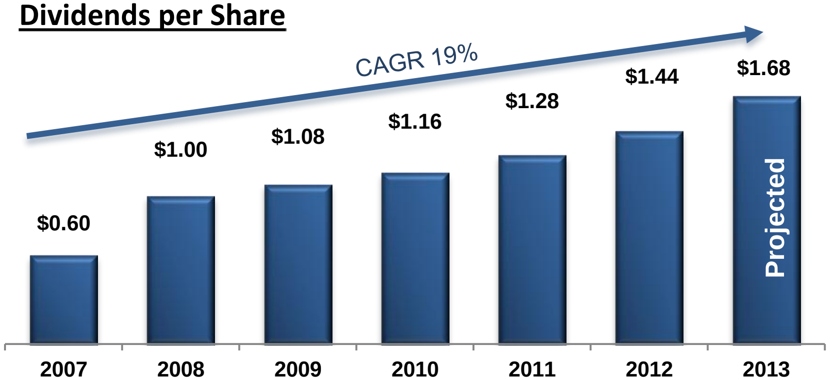
Expect to repurchase $280-$300 million of shares in first half of 2013

Dividend

Consistent quarterly dividends since 2007

Increased payout 17% in Q1 2013; the 5th consecutive annual dividend increase





Committed to returning between 40% and 50% of running two-year average net earnings to shareholders annually

Investment Highlights

- Focused flow control provider engaged primarily in energy infrastructure markets
- Diversified business model provides stability and foundation for earnings growth and cash flow generation
  - Broad portfolio of distinguished brand names that are well recognized in the industry
  - Over 10,000 customers globally buy our products and services, both directly and indirectly
  - Benefit from global geographic exposure and mix of industries served
  - Combination of short-cycle and large, late-cycle original equipment with strong recurring aftermarket
- Focus on operational excellence - margin expansion and cash flow improvement
- Experienced, shareholder focused leadership team - ***"One Flowserve"***
- Growth pursued through innovation, expanding capabilities and strategic investments, primarily in emerging markets
- Disciplined capital allocation with emphasis on disciplined growth and returning value to the shareholder
- Leverage earnings power of improving operating platform

"Building Momentum"

FLOWSERVE

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