FLOWSERVE

Flowserve Analyst Day

Experience In Motion

Special Note

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

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

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

Today's Agenda

Welcome
Mike Mullin, *Director, Investor Relations*

Company Overview
Mark Blinn, *President and CEO*

Operational Review
Tom Pajonas, SVP and COO

Break

Financial Update
Mike Taff, *SVP and CFO*

Wrap up and Conclusion
Mark Blinn, *President and CEO*

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

- 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 January 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

Ronald F. Shuff

SVP & General Counsel

- General Counsel since 1997 and SVP since 2006. Previously served as Secretary from 1990 to 2011
- Previously served as General Counsel of Predecessor Durco Intl. from 1988 to 1997
- Previously served as General Counsel of AccuRay Corp. from 1981 to 1987

Richard J. Guiltinan

SVP Finance & Chief Accounting Officer

- SVP Finance since 2009, Chief Accounting Officer since 2004
- Previously served as a consultant to Chevron on 3 multinational restructuring and merger projects in 2002 and 2003
- Previously served as CFO of Caltex Corp from 2000 to 2001

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

COMPANY OVERVIEW

Mark Blinn, *President and CEO*

Successful Repositioning Through Cycle

- We responded quickly to the challenges of the financial crisis and cyclical downturn and are well positioned to profitably grow
  - Managed costs and margins with successful completion of realignment program, operational excellence and disciplined project pursuit
  - Shifted manufacturing capacity, aftermarket initiatives and people to growing emerging markets
  - Strategic localization investments in building out our QRC network and supporting our customers around the world delivered our strongest aftermarket quarter in Q3 2011
- We see continued growth in emerging markets and improved environment in North America
  - Long cycle bid selectivity has stabilized margins in backlog and we expect improvement going forward
  - Short cycle business volumes improved in oil and gas, chemical and general industries markets, pricing followed
- Large backlog, realigned platform, increased aftermarket, global presence and broad product capabilities have us well positioned for 2012 and beyond

Additional Key Operating Milestones for 2011

- Advanced ***One Flowserve*** initiative
  - COO structure brings all operations under one leader
  - Follows successful combination of pumps and seals
  - Leverage end user strategy across all businesses
- Improving financial performance
  - Solid bookings, revenue and earnings growth
  - Realignment execution and continued cost reduction
- Continued strong organization adds new independent board member and new CFO
- Returned $220 million in cash to shareholders in the form of share repurchases and dividends
- Acquired Lawrence Pumps

Driving disciplined profitable growth and creating shareholder value

The Flowserve Legacy

Powerful legacy of more than 200 years of industry leadership with a respected roster of heritage brand names known worldwide

1790-1995
- Wilson-Synder Acquired
- Anchor-Darling Valved Acquired
- Durametallic Corp. Acquired
- ACEC Pump - Belgium Acquired
- Flowservs AS Lokeren, ZAR Bheer, and BTR
- Automax Acquired
- BWIP Formed
- Valteck Aquired
- Borg Warner Acquired Jackson
- Duriorn Stock Publically Traded
- Durable Iron Invented
- Byron Jackson Founded
- Simpson & Thomson

1997
- **Flowserve Formed**
- Duriron Becomes Durco International
- Stork Engineered Pumps Acquired

2000
- Flowserve Acquires IDP
- Flowserve Acquires Incatec and Eccon

2002
- Flowserve Acquires Invensys Flow control

2004
- Flowserve Acquires Thompson Kelly & Lewis

2005
- Flowserve Aquires Interseal

2009
- Flowserve Acquires CALDER™ AG

2010
- Flowserve Acquires Valbart Srl

2011
- Flowserve Acquires Lawrence Pumps Inc.

Balanced Portfolio Serving Growing Global Markets

Engineered Product Division (EPD)

- Designs, manufactures and services highly-engineered pumps and pump systems, mechanical seals and systems, and related services

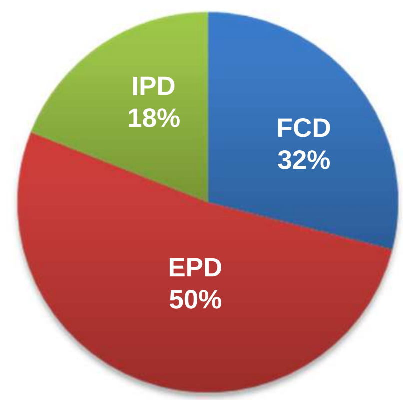
Industrial Product Division (IPD)

- Designs, manufactures, distributes and services a broad portfolio of pumps configured to specifications, pump systems and related services

Flow Control Division (FCD)

- Designs, manufactures, distributes and services a broad portfolio of industrial valve and automation solutions and related services

Est. 2011 Sales Mix



We pursue a strategy of industry diversity:

Industry Leading Solutions

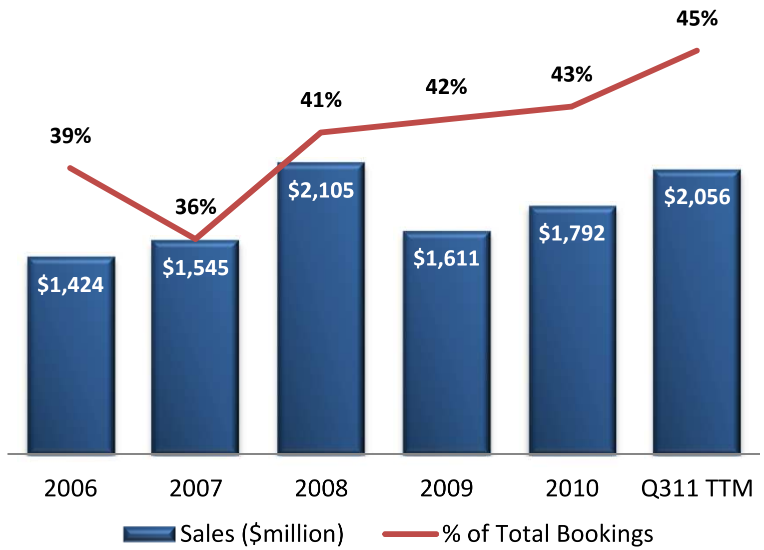
Innovative Technologies and Processes

We deliver reliable, high-performance products that meet or exceed the total cost of ownership requirements of our customers

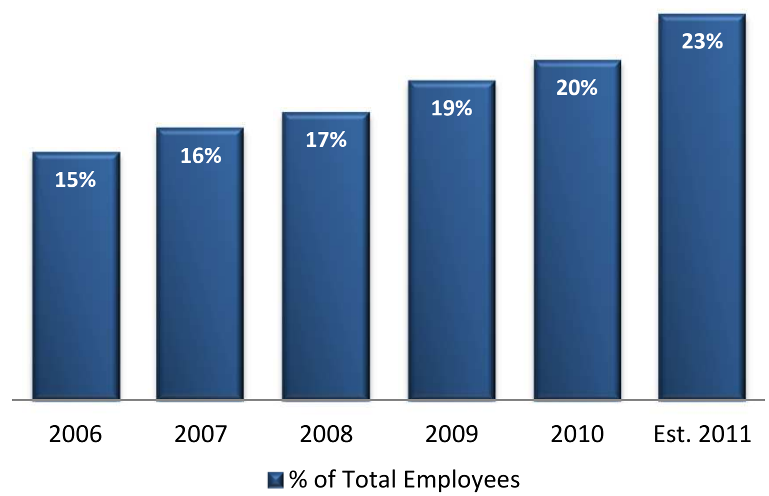
- Breadth and depth of portfolio provides expanded customer solutions
- Demonstrated commitment to technology and innovation

Repositioned to Capture Accelerating Emerging Market Growth

Bookings Growth in Emerging Markets



Employee Growth in Emerging Markets



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

FLOWSERVE

One Flowserve To Our Global Customers

EPD IPD FCD + Aftermarket

Common Customers

Shell, Shaw, FLUOR, ConocoPhillips, VALERO, ExxonMobil, Chevron, JE JACOBS ENGINEERING, DOW, BR PETROBRAS, أرامكو السعودية Saudi Aramco

Common Markets

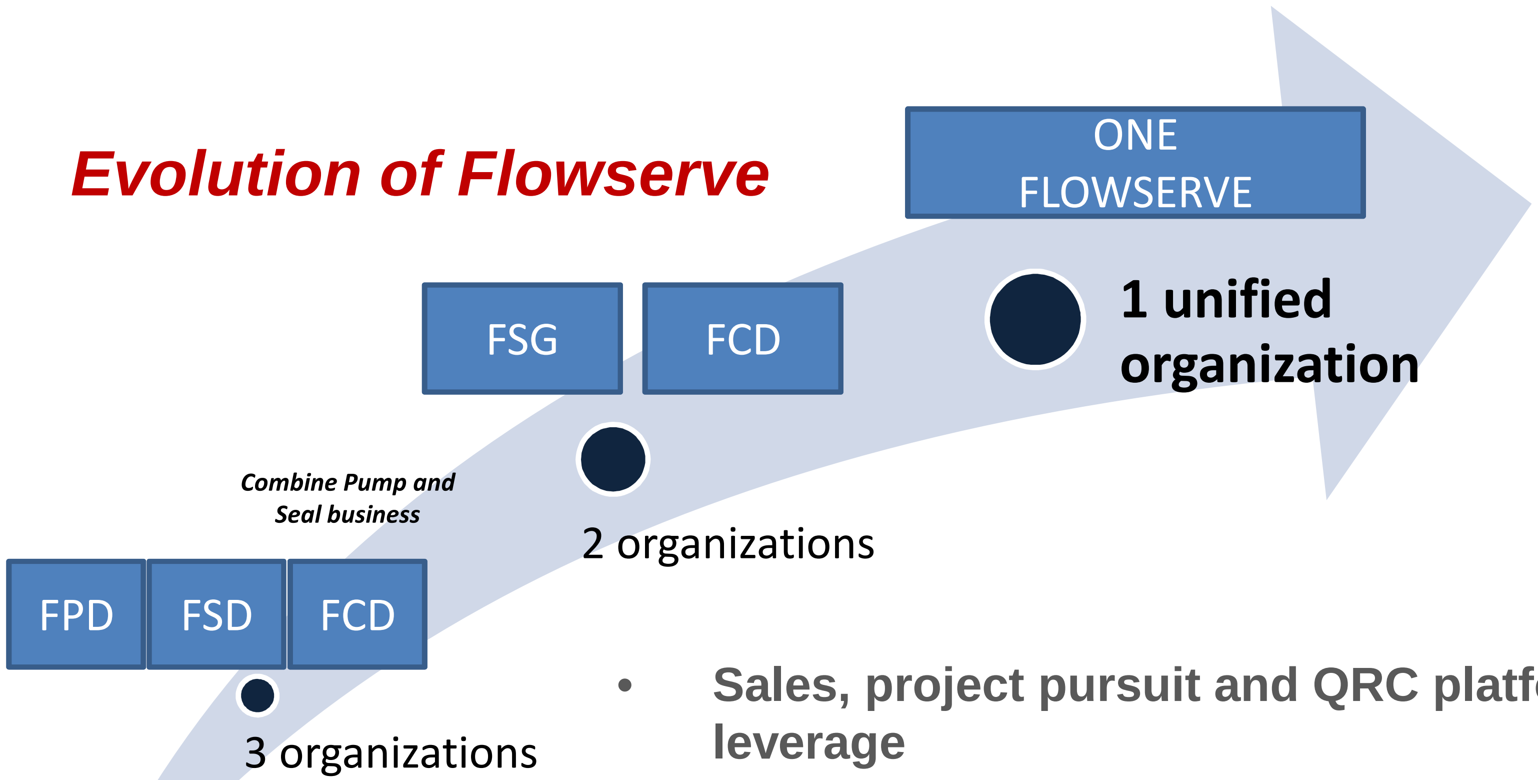
Global Megatrends

- 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

Benefits of New COO Structure

Evolution of Flowserve



- **Sales, project pursuit and QRC platform leverage**
- **Common processes**
- **Expense leverage & shared services**
- **Increased focus on Enterprise Frame Agreements as customers reduce number of vendors**

Global Strategies to Drive Profitable Growth

Capital Project Activity

- Complex applications and designs
- Continue to secure downstream
- Increase investment in mid & upstream
- Drive project execution excellence
- Leverage LPO/SPO
- Increase installed base

Increased Installed Base Feeds Aftermarket

Aftermarket Services & Solutions

- Differentiated by strong local capabilities
  - Diagnostics
  - ISG
- Continue to invest in developing regions
- Supports stable earnings growth and margin improvement

Stable earnings and cash flow growth increase ability to consistently return cash to shareholders and reinvest in strategic initiatives

Investment

15% IRR Hurdle

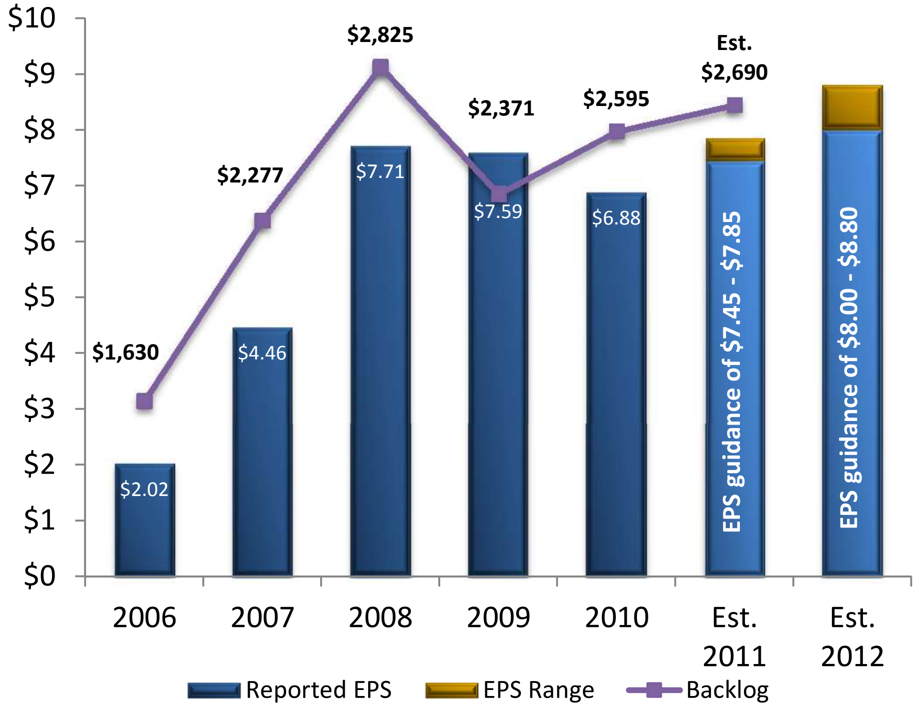
Investment

15% IRR Hurdle

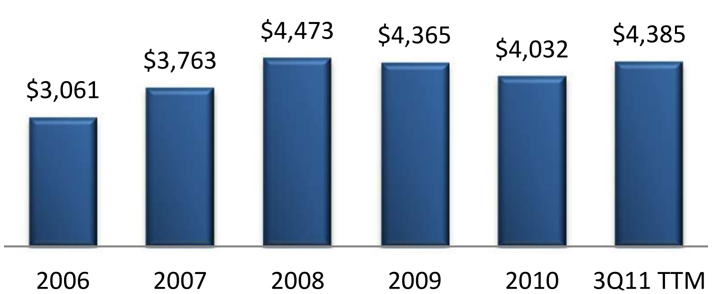
Strategic capital allocation to support growth and value creation

Investments Supported Earnings Stability and Drive Growth

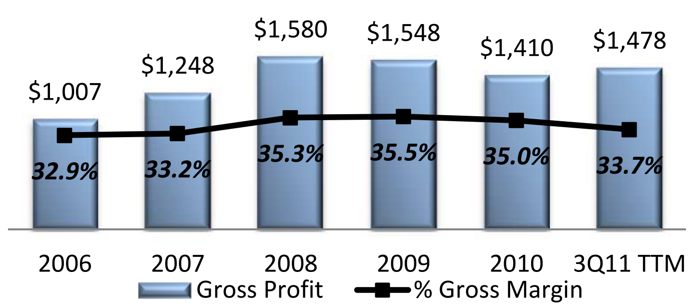
End User Strategy through continued investment in high growth emerging markets, aftermarket capabilities and Integrated Services Group (ISG) has driven profitable growth



Sales ($million)



Gross Profit ($million)



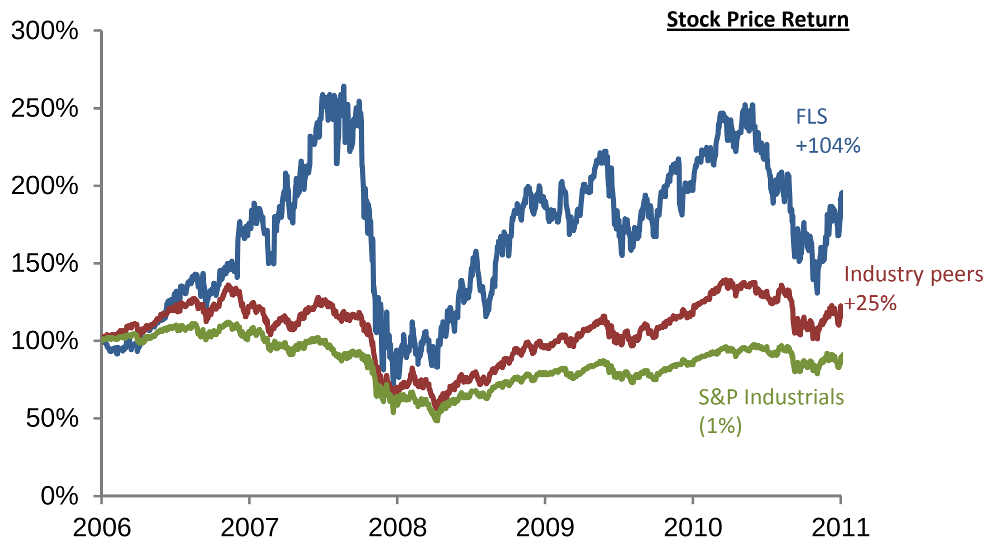
- Diversified end market, geographic and cycle exposures support stable earnings through cycles
- Aftermarket spend continues through challenging cycles and project delays
- Strong backlog supports approximately 10% earnings growth in 2012 at the midpoint

Proven Track Record Creating Shareholder Value

Generated Total Shareholder Return through a balanced 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

Total Return *	10-year	5-year	3-year	1-year
FLS	377%	128%	113%	(10%)
Industry Peers	216%	26%	98%	(9%)
S&P Industrials	44%	1%	74%	(5%)

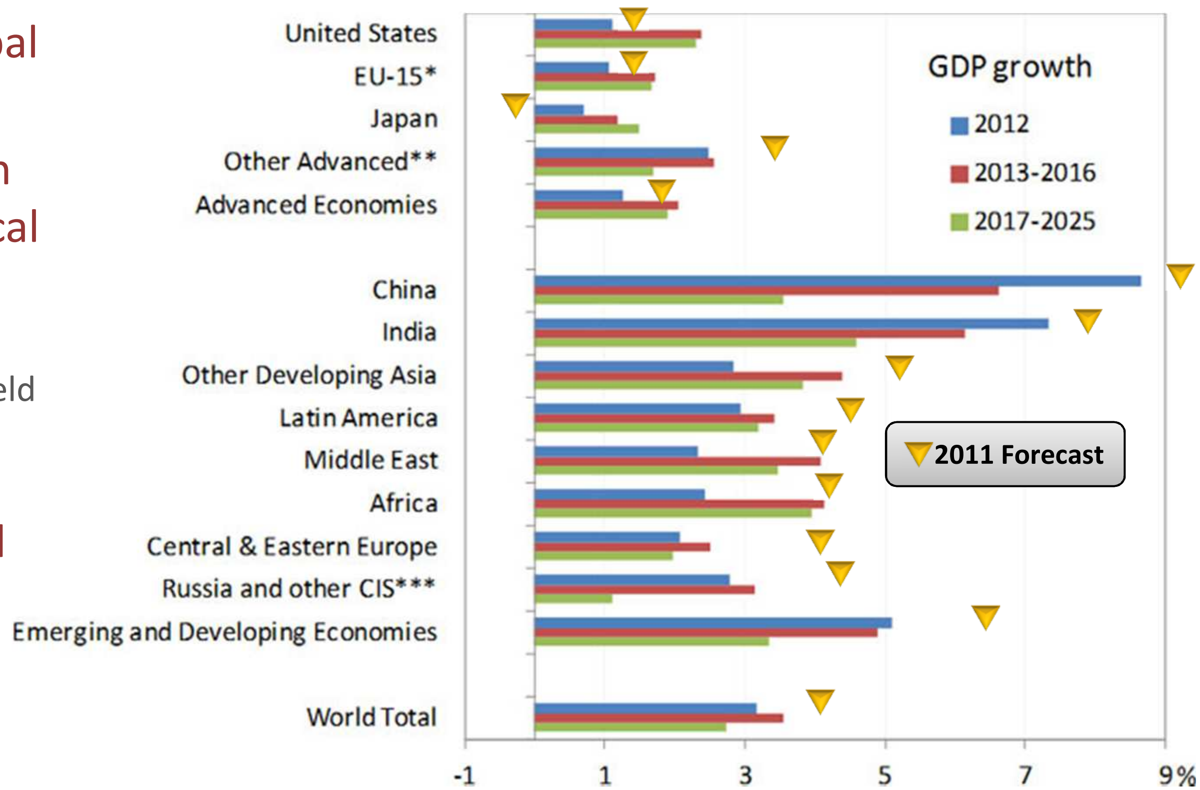


Source: Bloomberg. Change in stock price. Values indexed to 100 % as of 1/1/2006 to 1/27/2012
Industry peer group includes: CAM, CR, EMR, ITT, SPX, TYC, KSB, Smiths Group, Sulzer
* Total shareholder return through 1/27/2012

Superior shareholder returns as Flowserve has continued to execute on its long term end user strategy

Macro-economic and Geopolitical Drivers

- The outlook for growth in global GDP remains weak in 2012
- Regional GDP growth rates can be largely influenced by political leadership changes
  - In 2012 alone, Presidential or Parliamentary elections will be held in 19 countries that collectively represent 48% of the Global GDP
- Major global central banks will be pursuing easier monetary policy conditions for the first time since the financial crisis



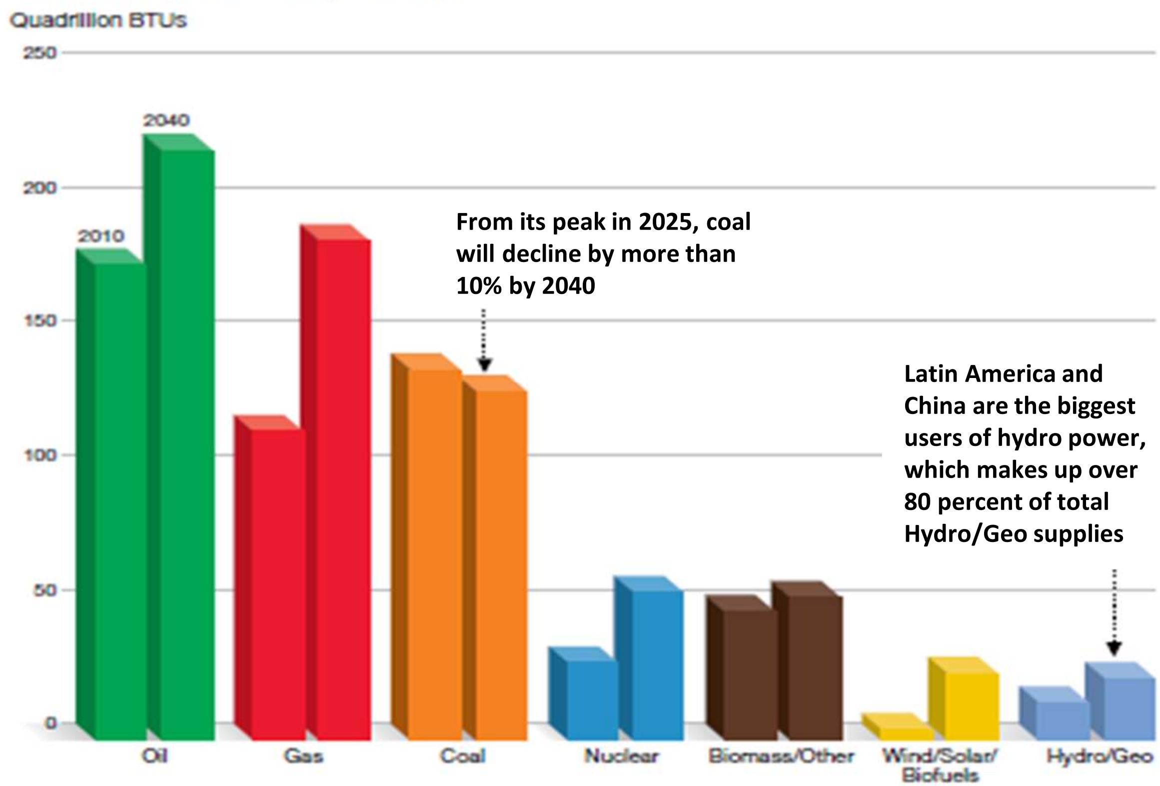
*EU-15 refers to states that joined the European Union before 2004.
**Other advanced economies include Canada, Switzerland, Norway, Israel, Iceland, Cyprus, Korea, Australia, Taiwan Province of China, Hong Kong, Singapore, New Zealand and Malta.
***CIS is Commonwealth of Independent States which includes all former republics of the Soviet Union, excluding the Baltic states.
Source: The Conference Board Global Economic Outlook, November 2011.

A modest recovery, buoyed by emerging markets, is expected in 2012

Growth of Primary Energy Demand

- Total global energy demand about 30% higher in 2040
- For both oil and gas, an increasing supply will be from unconventional resources
- Positive outlook in renewables and nuclear power

Global energy demand by fuel type

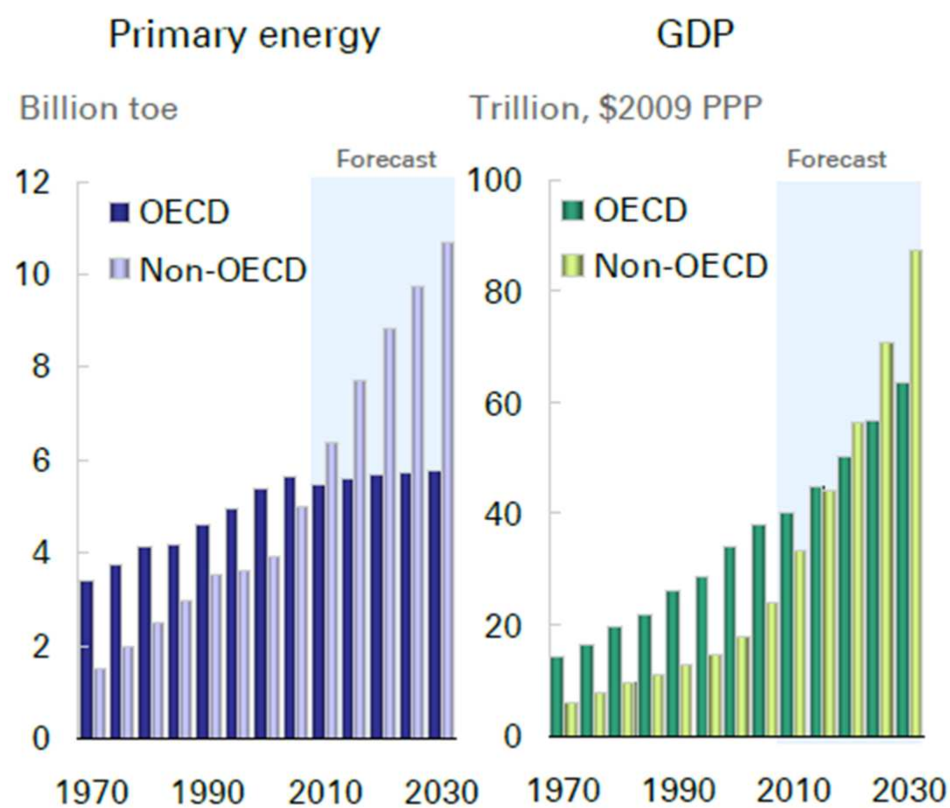


Source: ExxonMobil: 2012 The Outlook for Energy: A View to 2040

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

Regional Drivers

- Rapid GDP and energy demand growth in emerging markets drives new infrastructure build
- Competitive pressures and aging infrastructure call for capacity upgrades and conversions in mature OECD countries



Source: BP

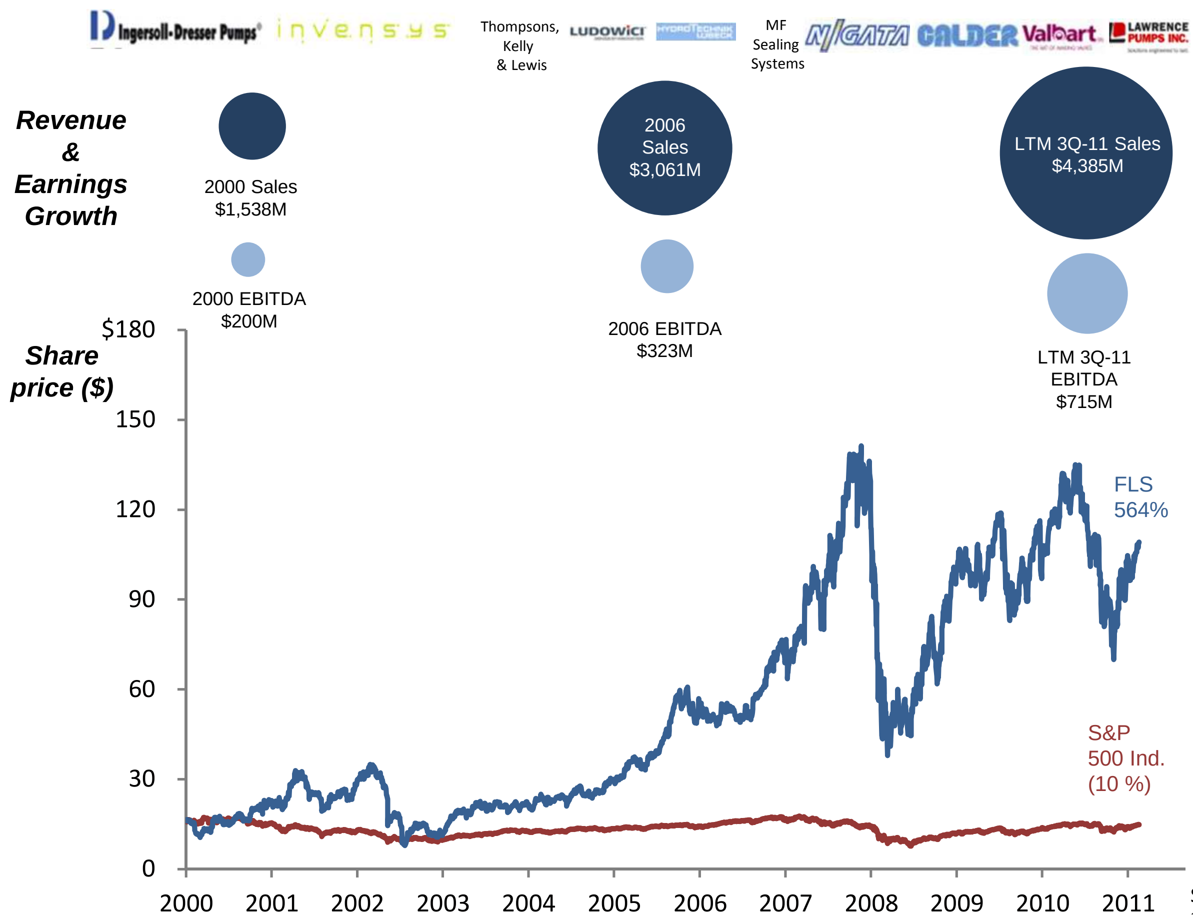
The growth of energy demand in emerging economies presents the greatest opportunity for Flowserve

Investments for Growth

- Manufacturing & Test Capacity – China, India & Brazil
  - Localize to support growing regional business and increased local content requirements
  - Increase QRC network to capture greater life cycle spend
  - Competitors are expanding capabilities
- QRC Expansion in Growing Markets
  - Opened 6 QRCs in 2011 mostly serving emerging markets
- LPO/SPO (lead/secondary product operation)
  - Develop standardization and quality in emerging market manufacturing facilities

Investing to optimize our manufacturing and customer support capabilities

Acquisition Strategy has Accelerated Growth



2000-2006	2007-2011
No. of acquisitions: 5	No. of acquisitions: 5
Revenue added: ~$1.4bn	Revenue added: ~$0.3bn
Revenue CAGR: 12.2%	Revenue CAGR[1]: 7.5%
EBITDA CAGR: 8.3%	EBITDA CAGR[1]: 17.0%

Total of 10 acquisitions since 2000

- Growth through transformational acquisitions between 2000-2002
- Between 2003-2011, organic growth supplemented by bolt-on acquisitions

Source: Company filings, press release, dealogic, market data as of 1/27/2012
[1] CAGR and margin improvement represent 2006 – LTM Q3-2011

Over $1.5B deployed on acquisitions with significant EBITDA expansion post integration

Targeting Acquisitions with Key Strategic Fit

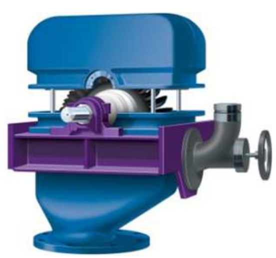
LAWRENCE PUMPS INC.

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

Disciplined approach to evaluating shareholder value creating opportunities

Commitment to Returning Cash to Shareholders

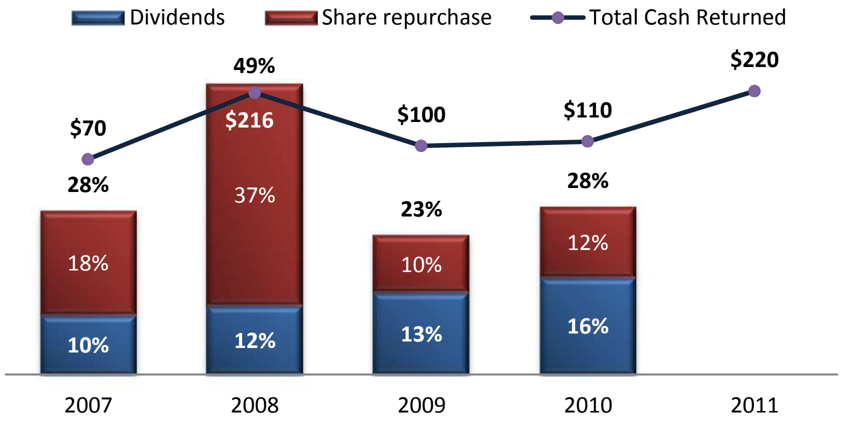
Share Repurchases

- Completed two share repurchase programs within the past 5 years
- Authorized new $300M plan in September 2011
- Completed $109M of share repurchases in Q4 2011
- Board authorized replenishment of capacity back to $300M in December 2011

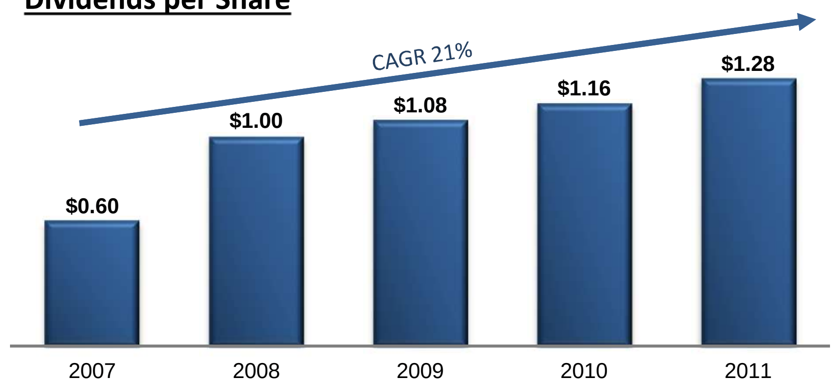
Dividend

- Increased dividend in Q1 of each year since 2007

Total Payout % of Net Income

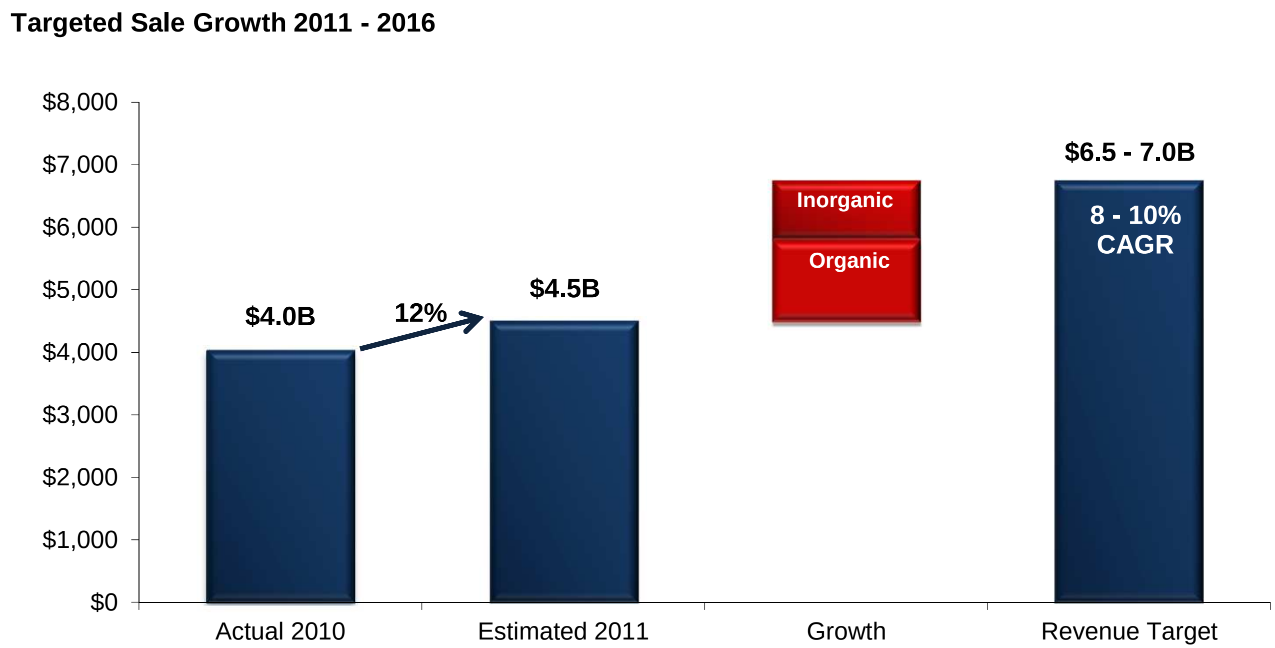


Dividends per Share



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

Path to 2016 Revenue Target



- 2015 revenue target of $6.5 to $7.0 billion provided at last year's Analyst Day was based on a 5-year addressable market growth of 6.7% CAGR *
- 2011 – 2016 addressable market growth rate has been revised down to 5.9% CAGR due in large part to the European sovereign debt crisis slowing growth and capital investment in 2012
- Flowserve's end user strategy and investments in emerging markets drive the organic growth rate of 6.5% to 7.0%, above that of the addressable market growth rate of 5.9%

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

OPERATIONS REVIEW

Tom Pajonas, *SVP and COO*

Overview

- **Introduction and Overview**
- **Overview of our business**
  - Industries Served
  - Product & Services Portfolio
  - Customers and the Value Chain
  - Route to Market
- **Short Film on Products and Services**
- **Market Overview**
  - Product Market Size
  - Served Market
  - Industry Analysis
  - Emerging vs Developed Markets
- **Key Themes for 2011**
- **Operating Platform**
  - Reporting Platforms (EPD, IPD and FCD)
  - Global Manufacturing and QRC footprint
- **Key Priorities and Initiatives**
  - Strategic Localization
  - Quality and R&D
  - Aftermarket
  - CIP and Supply Chain Management
- **Five Year Growth Plan**
- **Summary**

The industries we serve …

•**Oil & Gas Industry -** Upstream, downstream and in between, Flowserve products and services exceed the demands of harsh environments and difficult applications in the oil & gas industry.

•**Power Generation -** World energy demand is growing. Wherever power is produced, whatever type of cycle, you will find Flowserve solutions at work around the plant.

•**Chemical Processing** - Flowserve products and services consistently deliver value to the Chemical Industry while handling some of the world's most hazardous and corrosive chemicals.

•**Water Resources** - Flowserve solutions are able to meet the water demands of markets worldwide with a broad range of proven solutions.

•**General Industry -** Flowserve products enjoy a long-standing reputation for quality and operational performance in industries as diverse as food and beverage, mining, pulp and paper, aerospace, agriculture, district heating, and electronics.

We pursue a strategy of industry diversity

Characteristics of industries we serve …

- Customers tend to have a longer term view
- Less dependent on short term
- $120 Billion market per year for new equipment and services (pumps, valves, and seals)
- Infrastructure plants last 40 to 50 years and require service, revamps and updates throughout this period
- Local support and service is imperative globally
  - The value chain is localizing (services, supply base, etc.)

We serve a broad set of needs across a diverse set of industries with unique characteristics

Attributes of Products / Services …

- The product must work when it is put into service
  - Nuclear Plants
  - Refineries
  - Transmission Lines
  - Chemical Plants, etc.
- On-Time Delivery to meet infrastructure schedules are critical
- Aftermarket Services over the entire Life-Cycle (40-50 yrs) is important
  - 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

Key Customer Characteristics

	End Users	EPCs	OEMs	Distributors
Charac-teristics	• Simpler specifications • Standard equipment • Smaller orders • Limited testing • Less project management • Limited documentation • Quick ship	• Complex specifications • Custom engineered • Larger orders • Extensive testing • Superior project management skills • Heavy documentation • Long deliveries	• Complex specifications • Both standard and custom-engineered products • Both small and large orders • Heavy documentation • Longer deliveries	• Local inventory to support local installed base • Local Technical support/product knowledge • Local visual presence and reach • Consolidation continues
Some Typical Customers	• Shell • ExxonMobil • Aramco • Dupont • Sinopec • AES • Dow • Duke Energy	• Foster Wheeler • Fluor • Samsung • Hyundai • JGC • SNC Lavalin • KBR • Bechtel	• Doosan Boiler • Consotio Brazil • Zhejiang • Alstom • Areva • Westinghouse	• McJunkin Redman • Argo • DMC Carter Chambers • Alpha Solutions • Corrosion Fluid Products

Flowserve strength in engineering, application, and aftermarket services provides unparalleled value for our customer base

How do we go to market?

- Direct staff of > 1150 sales persons worldwide
  - Supporting sales to Contractors and End-Users globally
- ~500 3rd-party representatives worldwide
  - Extension of direct sales force
- ~520 distributors worldwide
  - Over 370 FCD distributors
  - Over 150 Pumps and Seals distributors

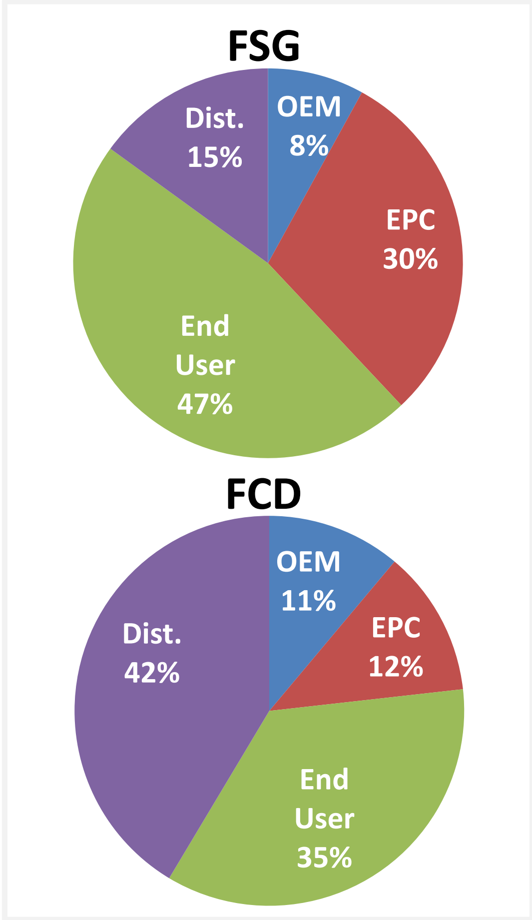
Another important aspect of our delivery …

- ~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 contractor and end users customers

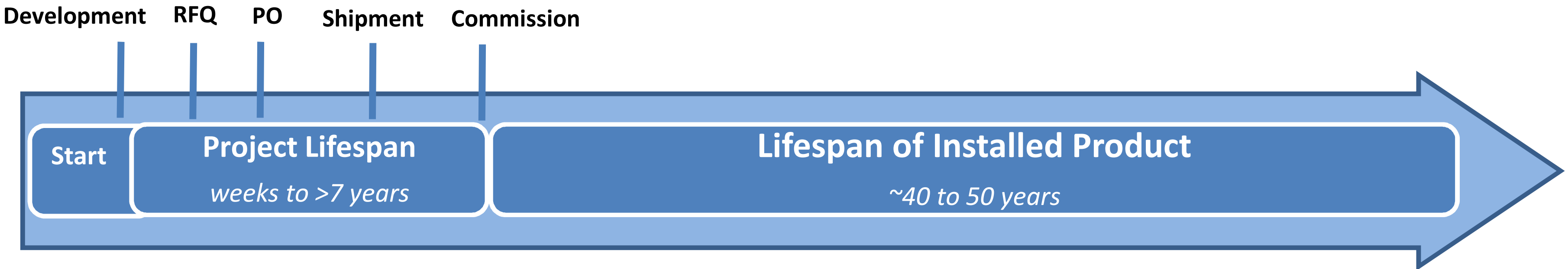
Flowserve Route to Market

- **End Users**
  - End users placing renewed emphasis on local content and value-added services
  - End users outsourcing non-core activities (i.e. inventory / repair) to reduce overhead
- **EPCs**
  - Korean EPCs are very successful at winning new contracts globally
  - EPCs taking advantage of excess capacity in the industry to increase pricing pressures
- **OEMs**
  - OEMs and service companies are dealing directly with manufacturers
- **Distributors**
  - Further distributor consolidation is likely, with more players trying to ride up the value chain to be closer to the end user



We're well positioned with strong channel relationships

Typical Project Schedules Across the Industry



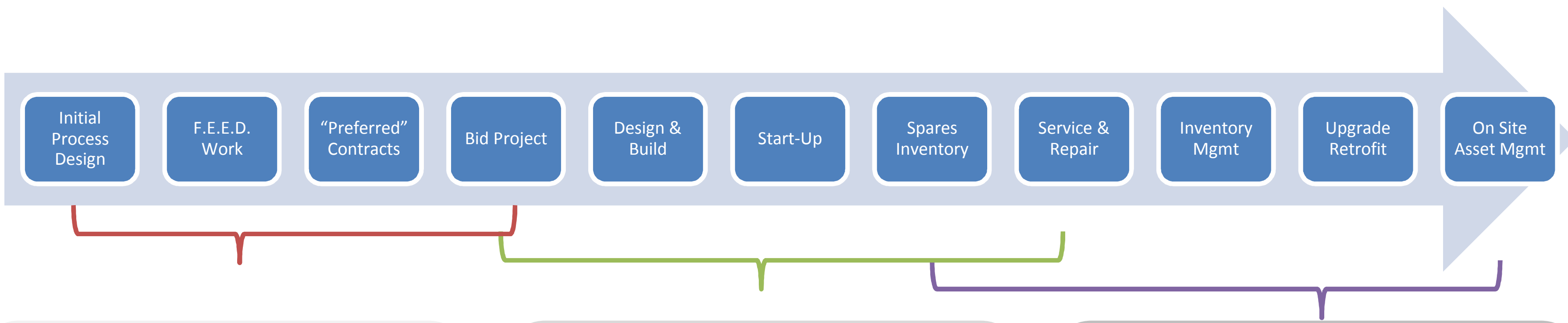
Examples

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

Projects vary between long and short PO to Shipment cycles

Providing Value Throughout the Entire Schedule

- **Installed base expansion leads to increased aftermarket opportunities**



Stage 1: We leverage our engineering, application and applied technology capabilities to design a solution for our customers which helps reach a desired business outcome

Stage 2: We leverage our product design, manufacturing and service capabilities to ensure our customers get the right product, at the right time and the right place with dependable service

Stage 3: We leverage our aftermarket footprint and our technical know-how to optimize the performance and longevity of our customers' continuing operations around the globe

By winning large capital projects, Flowserve is better positioned to capture even greater levels of aftermarket business

What Differentiates Flowserve?

Product Features
- Energy/Efficiency
- Differential Pressure
- Corrosion Erosion Resistance
- Size/Weight
- Reliability

Project Management
- Scope
- Performance Management

Supply Chain
- Global leverage
- Localization
- Logistics

Product Portfolio
- Application Expertise
- Broad Product Range

Geographical Portfolio
- 171 Quick Response Centers
- Global Manufacturing Footprint

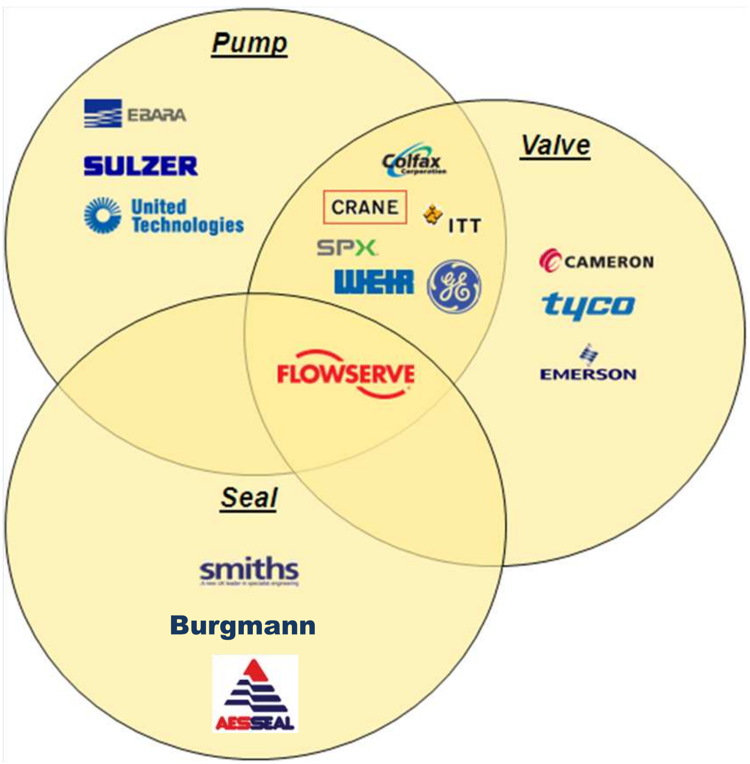
Flowserve Global Associates
16,000

Services
- Local Sales & Application Engineering Support
- Field & Technical Services
- Aftermarket & Asset Management Solutions

Driven by continuous development of our organization & capabilities

Competitive Landscape

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



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

	Oil/ Gas	Chem	Power	G.I. **	2010 Pump, Valve, Seal Sales	Approx. PVS as a % of Sales*
Flowserve	Strong	Strong	Strong	Moderate	$4,032	100%
Cameron	Strong	Strong	Minimal	Minimal	$1,273	21%
Colfax	Minimal	Minimal	Strong	Minimal	$542	100%
Crane	Moderate	Moderate	Minimal	Minimal	$1,020	46%
Ebara	Moderate	Moderate	Strong	Moderate	$3,136	67%
Emerson	Strong	Strong	Strong	Minimal	$2,150	10.2%
GE	Moderate	Moderate	Strong	Moderate	$810	0.5%
ITT	Strong	Strong	Strong	Moderate	$4,160	38%
Smiths	Moderate	Moderate	Strong	Minimal	$1,271	28%
SPX	Strong	Strong	Strong	Moderate	$1,662	34%
Sulzer	Minimal	Minimal	Moderate	Moderate	$1,576	52%
Tyco	Moderate	Moderate	Strong	Moderate	$2,300	13.5%
Weir	Minimal	Minimal	Strong	Moderate	$2,525	100%

Strong presence (green)
Moderate presence (yellow)
Minimal presence (red)

*Example: Based on Cameron 2010 total sales of $6,134, total PVS sales of $1,273M represents ~21% of total sales

** G.I. = General Industries (Mining, Pulp and Paper, Food and Beverage, Water)

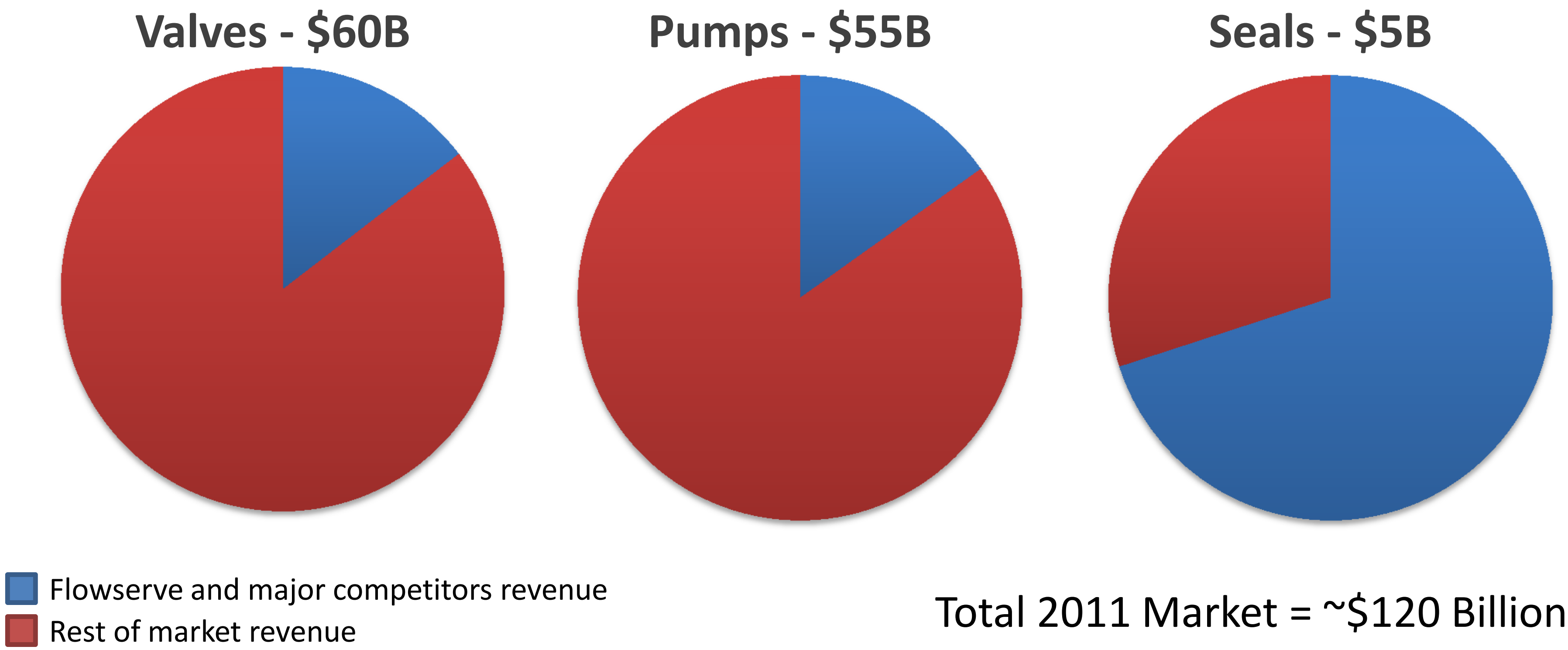
Flowserve has the largest revenues and fastest 3 year growth rate of major fluid motion control equipment in the industry

Aftermarket Video

"Services & Solutions" video can be found at
http://www.flowserve.com/videos

Now let's look at the market:

The Total Available Market by product type:



Total 2011 Market = ~$120 Billion

Source: European Industrial Forecast

- ***Valve and pump markets are highly fragmented***
- ***Flowserve and its major competitors representing roughly 15% of the total market***
- ***Seals is more concentrated, with Flowserve and two competitors representing approximately 65%-70% of total market***

Total Served Market for Pumps, Valves and Seals

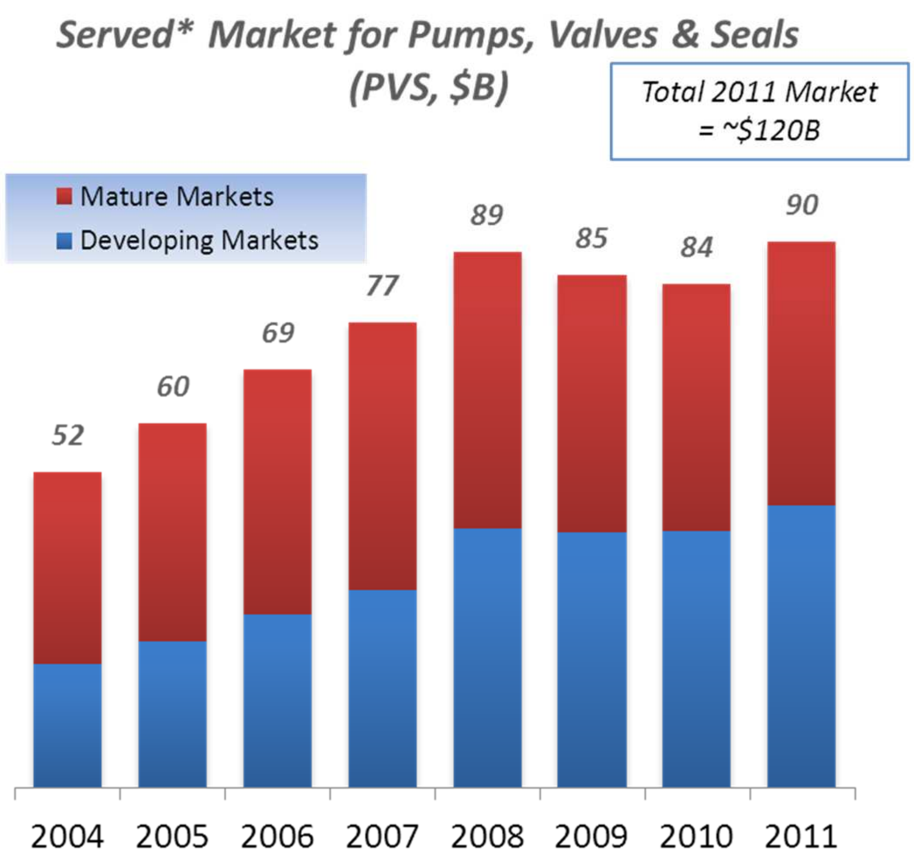


Chart Source: European Industrial Forecast adjusted to nominal dollars

- **Estimated total available market spending for PVS during 2011 was ~$120B**
- **Flowserve's served markets* represent ~75% of the total market available**
- **In 2011, emerging market spend was estimated to surpass mature market spend for the first time (39% to 52% from 2004 to 2011)**

* Portions of the total available market that Flowserve does not serve: Building and Construction, Marine, and "Other General Industrial".

While the emerging markets now rival the market spend of mature markets, both represent significant opportunities for Flowserve

FLOWSERVE

Served Market

Total Available Market	11Q3 TTM			
Oil & Gas *$30.0 billion**	*% of FLS bookings*	**Upstream**	**Midstream**	**Downstream**
	40%	• 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 *$18.6 billion**	*% of FLS bookings*	**Basic**	**Specialty**	**Pharmaceutical**
	19%	• Organic (petrochemical) • Inorganic	• Agriculture • Paints & pigments	
	Portfolio strength			
	EPD	◕	◕	◔
	IPD	◕	◕	◔
	FCD	◕	◕	◔
Power *$12.0 billion**	*% of FLS bookings*	**Fossil**	**Nuclear**	**Alternative**
	15%	• Coal-fired • Gas-fired	• Nuclear service • Auxiliary service	• Solar • Wind • Biomass
	Portfolio strength			
	EPD	◕	◕	◑
	IPD	◑	◑	◑
	FCD	◑	●	◑

Legend:
Served market is representative of the portion of the total available market which FLS is able to serve based on product, route to market, and geographical presence as shown by:

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

**Market of pumps, valves and seals. Source: EIF, 2011.*

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

Market Introduction

Market

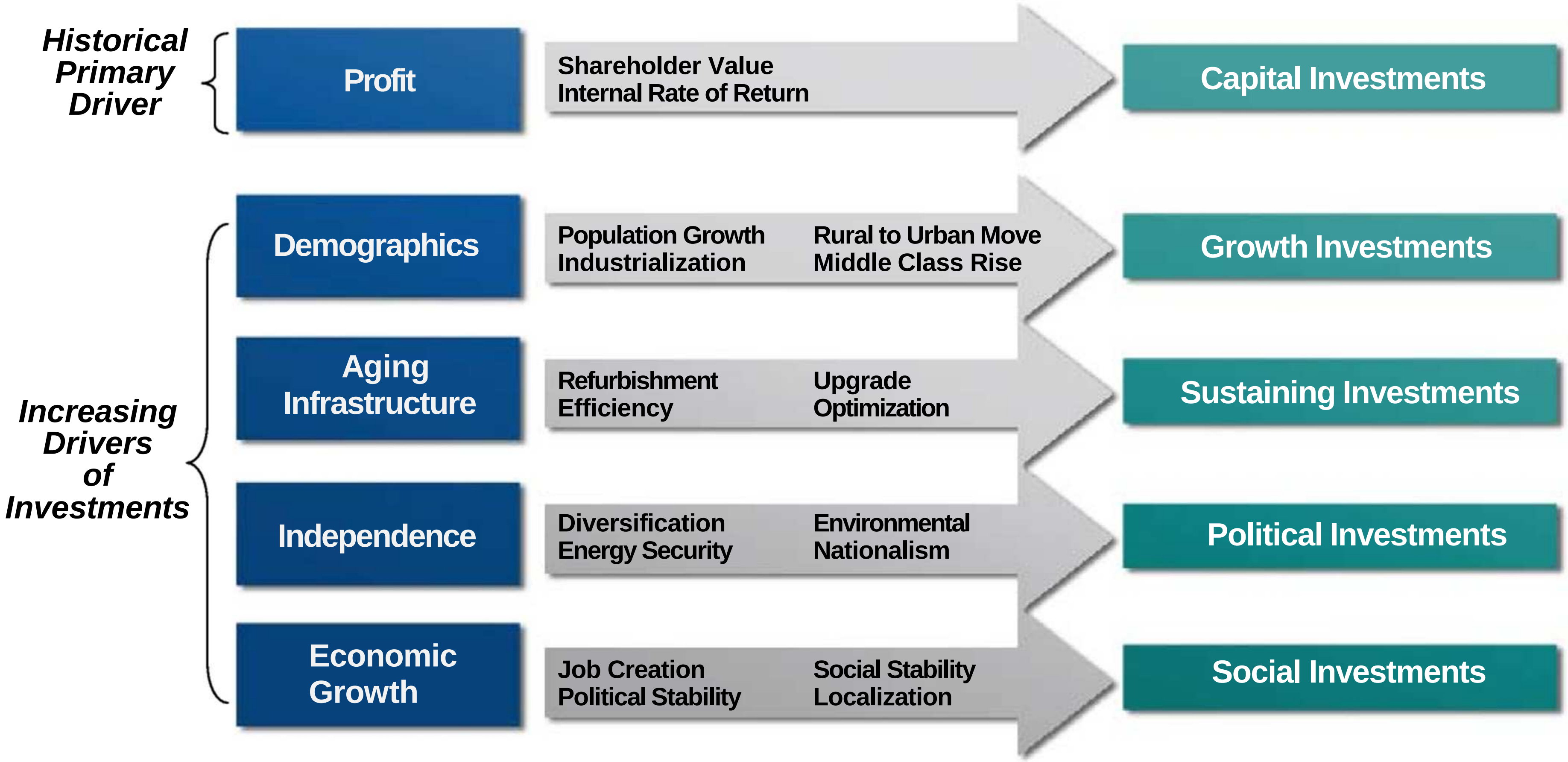
- Extremely fragmented
- Conservative end user base (installed base and track record extremely important)
- Cost of failure to user is typically high
- Distribution continues to consolidate
- Mature markets recovering but at a slow rate
- Emerging markets still opportunity for growth
- Localization requirements increasing
- Proximity to end user increasingly important for Aftermarket

Competitive Environment

- Global competitors have differing core competencies
- Expansion into non-core segments is typically via acquisition rather than product development
- Product Development typically limited to variations of existing product
- Regional (local) players are strong within region
- Low Cost Country (LCC) competitors gaining global acceptance

Market dynamics and competitive pressures facing Flowserve continue, but attractive opportunities for growth exist in core markets

What drives long cycle infrastructure investments?



Investments in infrastructure have moved from a "profit only" motivation to reflect other critical drivers

World's Primary Energy Demand

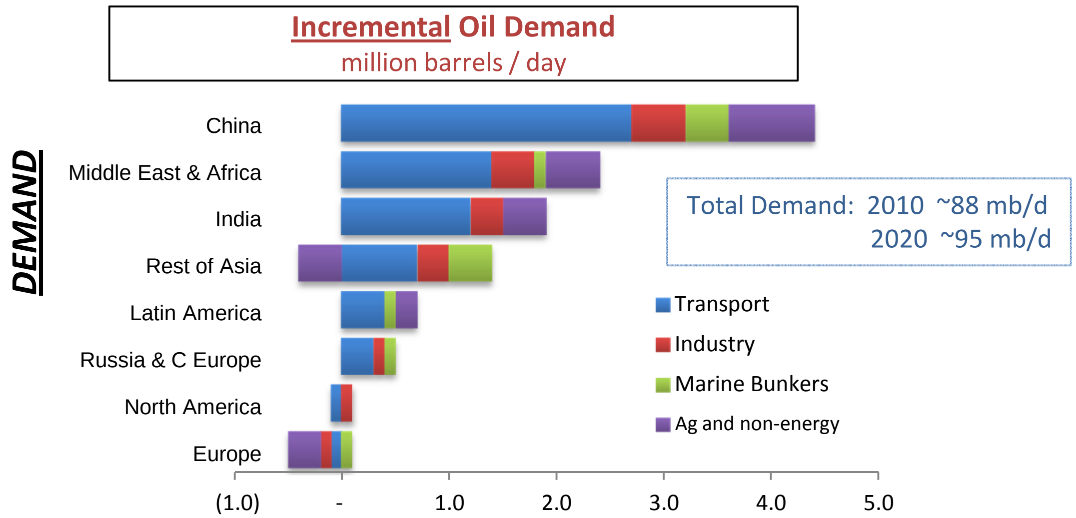
Contribution by Fuel Source *[Btoe = billion tons of oil equivalent]*

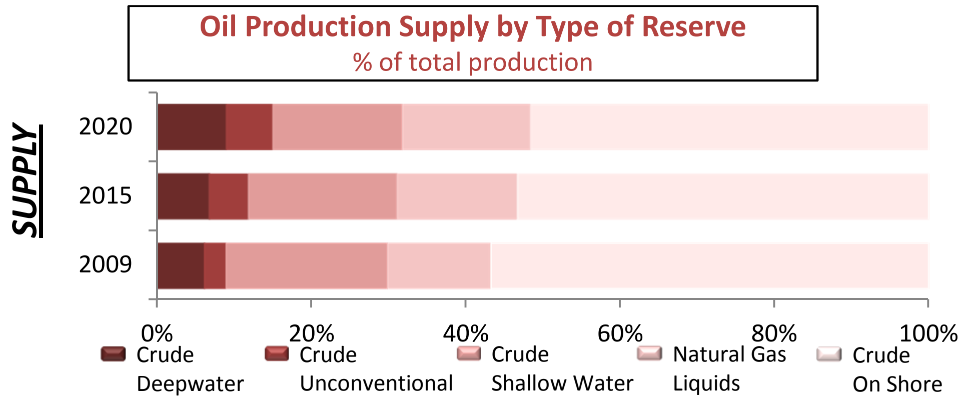
Year	Percentage Contribution by Fuel Source							Total Demand
2009	33%	27%	21%	10%	6%	2%	1%	[12.1 Btoe]
2020	30%	28%	22%	10%	6%	3%	2%	[14.8 Btoe]
CAGR 2009 to 2020	**0.9%**	**2.0%**	**2.2%**	**1.8%**	**2.6%**	**2.7%**	**10.2%**	
	OIL	**COAL**	**GAS**	**BIO MASS**	**NUCLEAR**	**HYDRO**	**RENEWABLES**	
USES	**Transportation** Industrial Use Power Generation Marine **Petrochem** Heating & Cooking	Transportation Industrial Use **Power Generation** Petrochem Heating & Cooking	Transportation Industrial Use **Power Generation** **Petrochem** **Heating & Cooking**	**Transportation** Industrial Use **Power Generation** **Heating & Cooking**	**Power Generation** Marine	**Power Generation**	**Power Generation**	

Sources : IEA WEO Outlook 2011 , New Policy Scenario

Steady long-term energy demand growth forecasted to fuel needs of a growing and modernizing world

Oil Market Demand Outlook (2010 – 2020)





Market Dynamics:

- *Transportation accounts for approximately 60% of the overall growth in demand for oil*
- *China will remain the most significant contributor to the overall growth in demand for oil*
- *Future recovery of crude oil will involve a greater percentage of complex recovery methodologies*
- *Impact of Middle East political situation will unfold over several years*

Opportunities:

- *Complex recovery is an area where Flowserve has expanded our capabilities such as deepwater and tar sands*
- *Refinery investment will be required predominately in the developing regions*

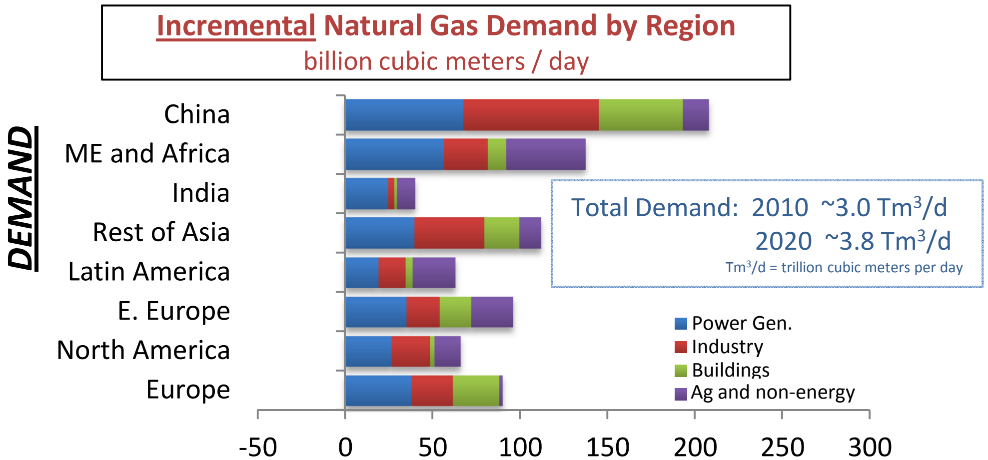
Risks:

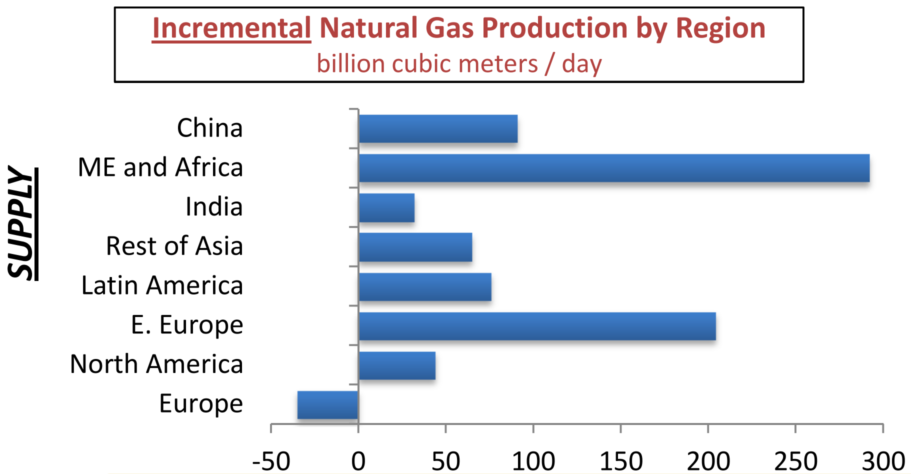
- *A weaker than expected recovery of the global economy reduces overall demand growth for oil*

Sources : OPEC World Oil Report, IEA WEO 2011, HPI Market Data 2011

Transportation still represents biggest use of oil … prices seem to be hovering around $100 / barrel

Natural Gas Market Outlook (2010 – 2020)





Market Dynamics:

- *The expansion of production in non-conventional gas could dramatically change the global landscape*
- *LNG is still very active driven by the need for producers to get their product to market*
- *With the exception of specific advantaged shale gas plays, mature markets drive regasification while developing markets lead in liquefaction investments*

Opportunities:

- *Flowserve's acquisition of Valbart provides a platform for further penetration in upstream natural gas*
- *We have an opportunity to expand our portfolio of offerings to take advantage of the increasing role of natural gas in energy and industrial applications*

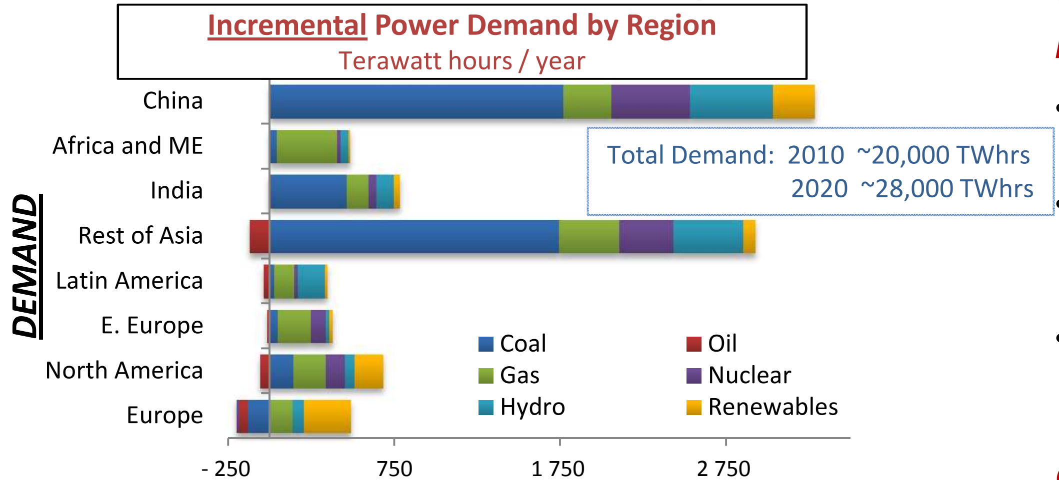
Risks:

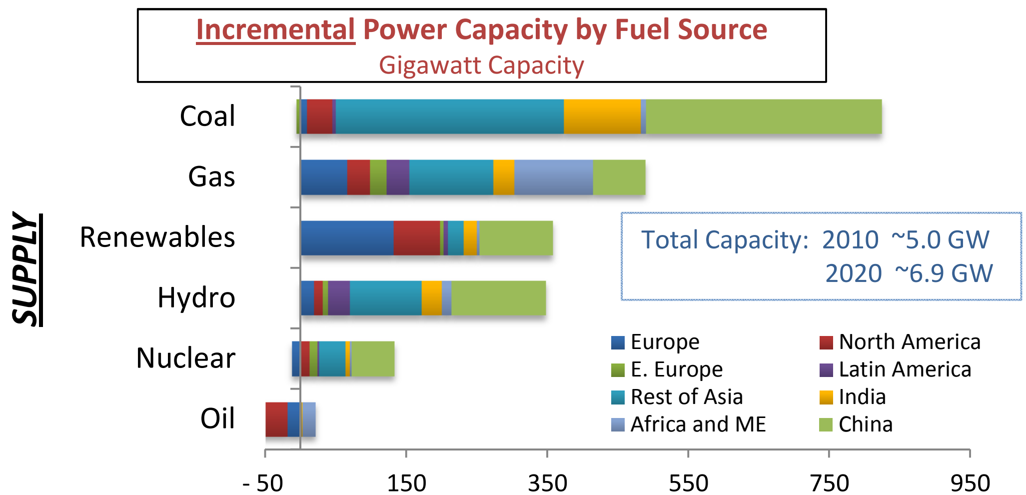
- *Governmental and environmental regulations could impede upstream investments related to unconventional gas*
- *The price of gas experiences volatility or escalation thereby reducing its forecasted demand*

Sources: IEA 2011 Special Report on Natural Gas and WEO 2011 Energy Report

Natural gas abundance in North America continues to drive prices at an all-time low of $2.50/mmBtu

Power Market Outlook (2010 – 2020)





Sources : IEA WEO 2011,

Market Dynamics:

- *Fukushima has resulted in several countries delaying or cancelling nuclear projects altogether*
- *The growth in capacity demand over this period is significantly influenced by urbanization and industrialization*
- *Capacity planning is also impacted by a growth in a country's per capita consumption driven by modernization*

Opportunities:

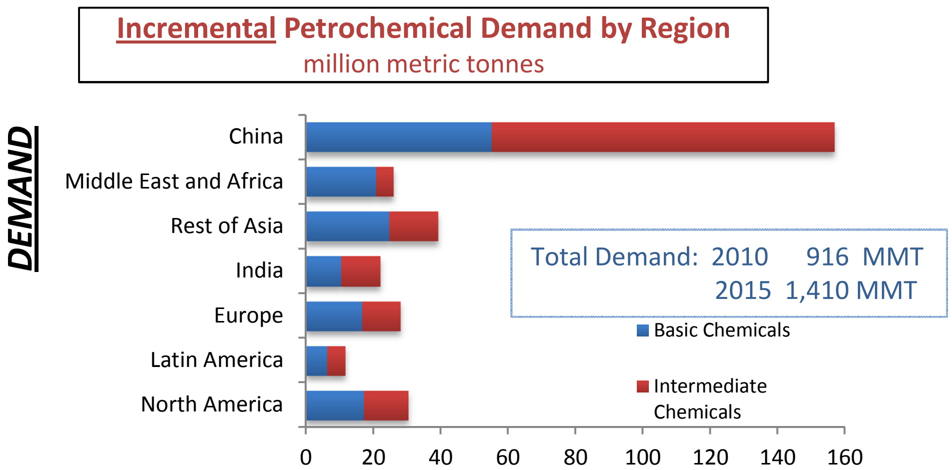
- *Flowserve's portfolio of offerings are well positioned for the majority of power generation methodologies*
- *Coal, natural gas, nuclear and solar are all applications that leverage our highly engineered capabilities*

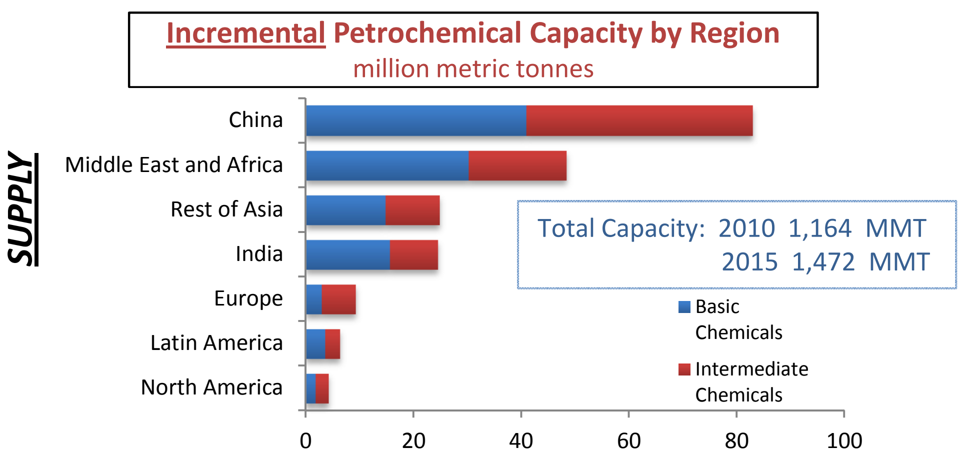
Risks:

- *Environmental legislation debate continues to moderate capital investment planning – particularly in the mature markets*

Coal and Natural Gas continue to dominate the demand landscape going forward

Chemical Market Outlook (2010 – 2015)





Sources: GlobalData

Market Dynamics:

- *The planned expansion of capacity is primarily in the developing regions along with initial momentum in North America*
- *Petrochemical accounts for almost two-thirds of the planned investment*
- *China is investing to meet domestic demand while the Middle East is investing for increased export business*

Opportunities:

- *Many of the petrochemical project plans are co-located with refineries where Flowserve has a strong market presence*
- *Agriculture and inorganic processes require the ability to withstand harsh conditions – an area of strength for Flowserve*

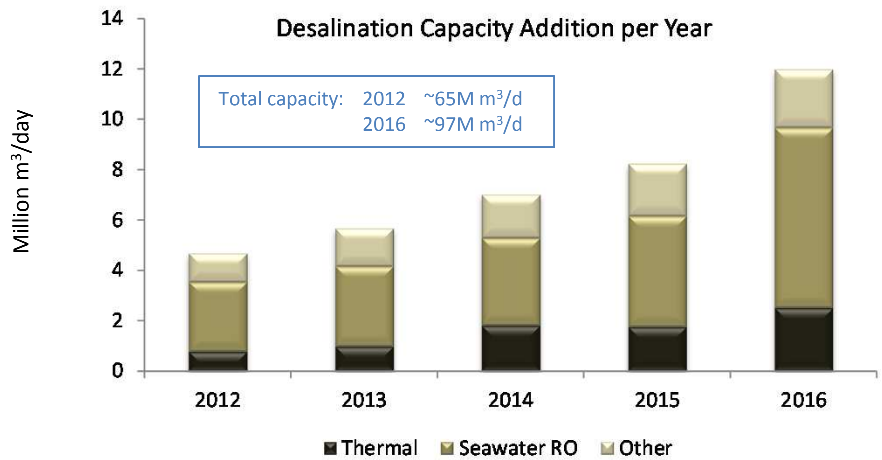
Risks:

- *Uncertainty stemming from the E.U. debt crisis and the suppressed economic recovery in the mature markets continues to negatively impact consumer confidence and spending*

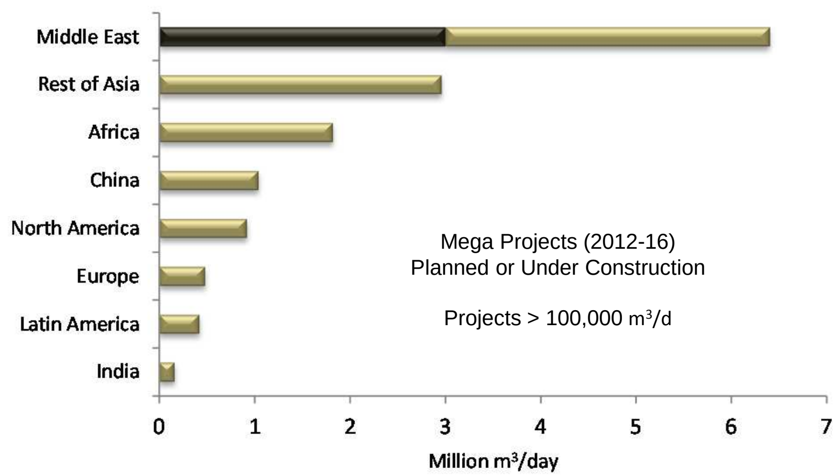
China will experience significant increases in both capacity and demand

Desalination Market Outlook (2012 – 2016)

CAPACITY ADDITIONS



REGIONAL PROJECTS



Market Dynamics:

- *The strongest growth in desalination is forecasted to come through reverse osmosis (RO) methodologies*
- *The industry continues to increase the size of operating plants with advancements in technology*
- *Capacity growth is tied to power demand, particularly in the Middle East and Asia Pacific*

Opportunities:

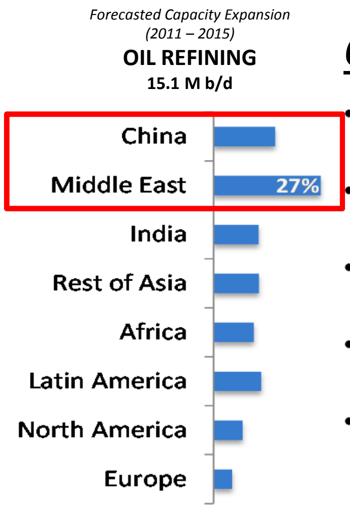
- *Large scale RO plant operations require the advantages of pumping and energy recovery technologies*
- *Flowserve continues to invest in expanding our energy recovery offerings for smaller scale operations*

Risks:

- *Project funding gets delayed due to constrained budgets and credit markets*

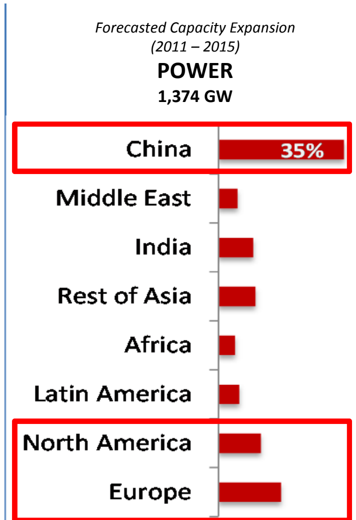
Seawater Reverse Osmosis in the Middle East and Rest of Asia should dominate the market

In summary, forecasted capacity expansion shows…



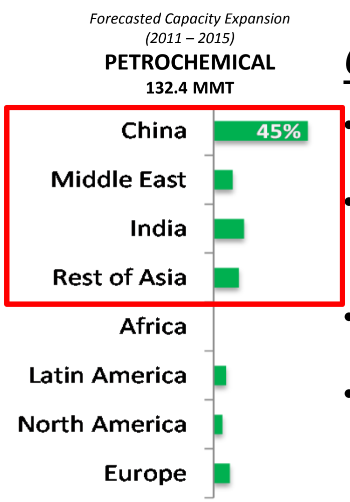
Oil and Gas Industry

- Shale gas remains strong
- LNG continues to increase
- Large OEM projects in emerging markets
- Harder to reach oil with complex recovery
- Limited refinery expansion with some closures projected in mature markets



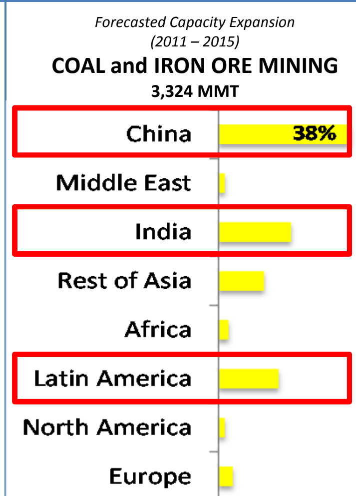
Power Industry

- New Nuclear continues to be active in emerging markets, mature markets focus on life extensions
- Natural gas is the next "new" fuel
- Complexity and quantity of customer documentation increasing
- Korean EPCs gaining strength globally



Chemical Industry

- China, ME and India drive new projects
- Natural gas development creating an advantage in NA in short term
- MRO increasing in mature markets
- End users outsourcing non-core activities (i.e. inventory / repair) to reduce overhead



General Industry - Mining

- EPCs and service companies are dealing directly with manufactures
- Trend to engage with suppliers that have significant geographic and product reach
- Total Value Management contracts

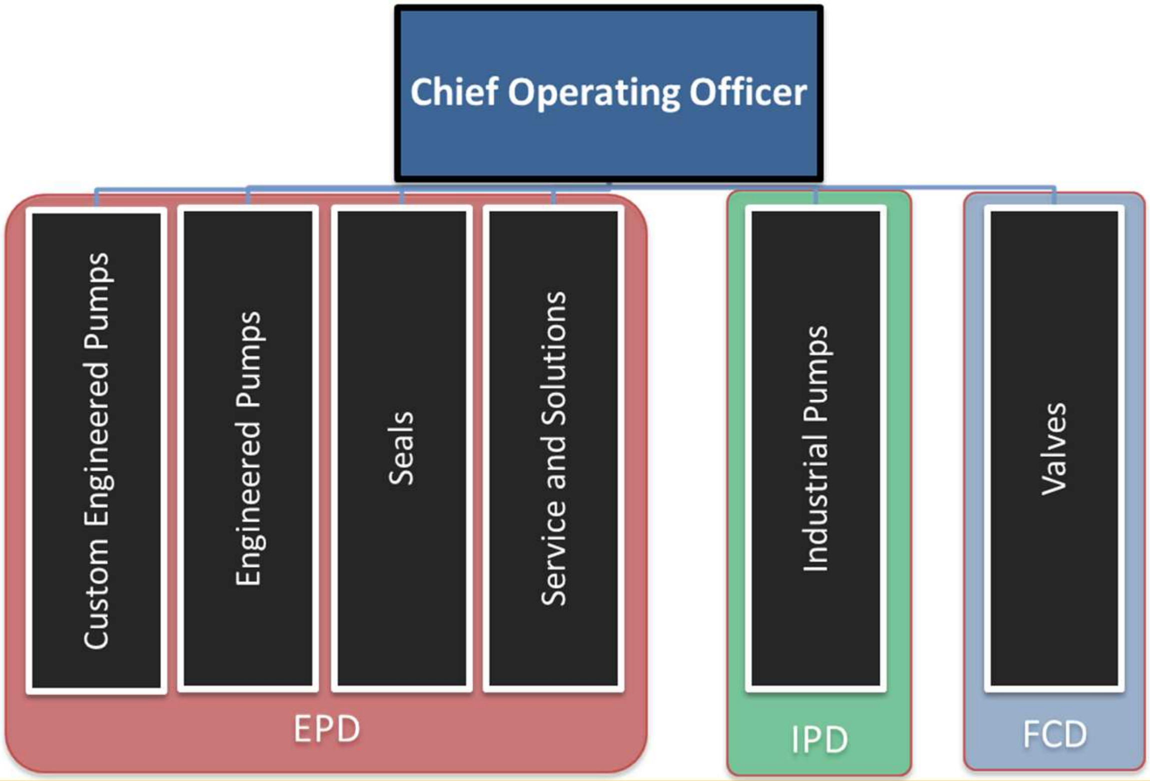
China, Middle East, and Rest of Asia lead the increasing demand landscape

Significant Themes from 2011

- 2011 was a successful year despite challenging market conditions
  - **Long cycle** project activity increased versus last year, but **pricing remained competitive**
  - **Improvement in short cycle business** - as volumes improved in oil and gas, chemical and general industrial markets, pricing followed
  - Strategic investments in building out our **QRC network** and supporting our customers around the world delivered our strongest aftermarket quarter
  - Stable growth in **emerging markets** and improved environment in North America
  - Focused on continued **operational excellence / CIP** and supply chain to offset impact of competitive pricing environment and commodity cost increases
- **Large backlog, realigned platform, increased aftermarket, global presence and broad product capabilities have us well positioned for 2012 and beyond**

Flowserve has weathered the 2009-2011 down cycle and is well positioned to profitably grow

New Organizational Structure



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

Key Elements of Operating Platforms

Customer Acquisition
Industry and Application experts that can identify and capture opportunities in both project and aftermarket business

Product Management
Product experts that understand competitive landscape and manage product definition globally

Engineering
Product and technology leaders that can develop new products and adapt existing solutions to unique customer needs

Operations
Manufacturing sites that satisfy global demand for a given product

Strong supply chain partners

Master BlackBelts to drive continuous improvement and global quality

Aftermarket services
Regional QRCs that service and support local customers

Each operating platform is responsible for generating results for the product families they manage

Operating Platform: Engineered Product Division (EPD)

Custom Engineered Pumps

- Custom engineered to order
- Extensive specification and testing requirements
- High reliance on project management
- 'Job shop', low volume environment

Engineered Pumps

- Pre configured API pumps
- High reliance on project management
- Medium specification and testing requirements
- Medium volume environment

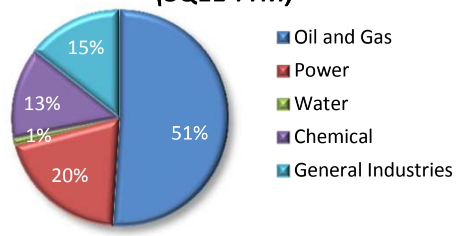
Mechanical Seals & Systems

- Engineered & preconfigured
- High transactional environment
- Continuous technology innovation
- Aftermarket requires quick response
- QRC network enables high customer intimacy

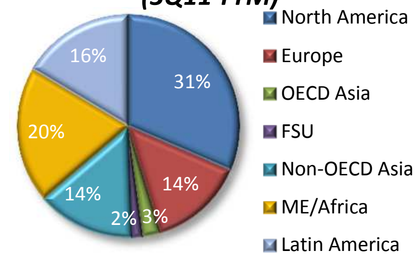
Services & Solutions

- Aftermarket parts & services
- Engineering & technical services
- Education & training
- Asset management & optimization

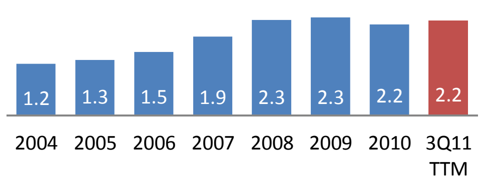
Bookings by Industry (3Q11 TTM)



Bookings by Region (3Q11 TTM)



Revenue (in $B)

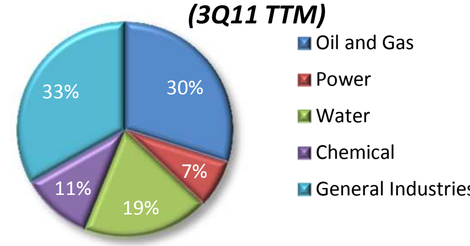


- *Products - EPD provides highly custom engineered pump and seal packages*
- *Industries - 71% of bookings in the oil & gas and power markets*
- *Regions - Driven by large global capital projects and local aftermarket solutions*

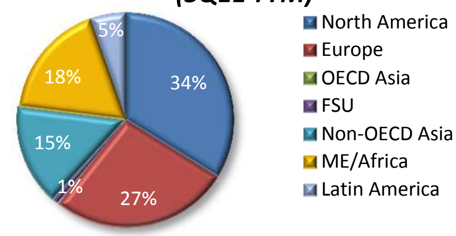
Operating Platform: Industrial Product Division (IPD)

Industrial Pumps	Services & Solutions
	
Pre-configured product	Aftermarket parts & services
Flowserve standards	Engineering & technical services
Optimized global production platform	Education & training
Integrated supply chain and low-cost sourcing focus	Asset management & optimization
Speed to market and channel support	

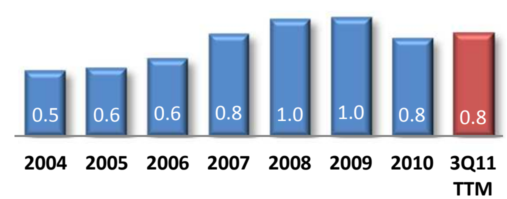
Bookings by Industry (3Q11 TTM)



Bookings by Region (3Q11 TTM)



Revenue (in $B)



- *Products - IPD provides pre-configured, industrial pump products*
- *Industries - 63% of bookings in the chemical, water and general industries*
- *Regions - Driven by local manufacturing availability and parts support*

FLOWSERVE

Operating Platform: Flow Control Division (FCD)

Chemical

- ¼-turn ball, plug, and butterfly valves designed for isolation of highly corrosive, erosive, or lethal processes
- Pneumatic valve actuation and automation solutions

General Industries

¼-turn ball, segment, and butterfly valves designed for isolation and control of slurry services

All-welded ball valves for buried services

Linear control valves for low-flow and cryogenic applications

Power

Multi-turn gate and globe valves, and check valves for high temperature and high pressure steam services

Thermostatic steam traps and electronic controls for high efficiency boilers

Heavy-duty electric actuators and controllers for valve automation

Oil & Gas

Linear and rotary control valves for general service and severe applications involving high pressure drops, cavitating or flashing services, or extreme temperatures

Trunnion-mounted ball valves for gaseous and liquid services

Lubricated plug valves for zero-leakage applications

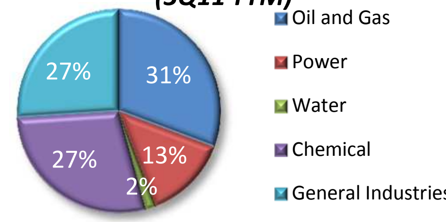
Water

Multi-turn and ¼-turn non-intrusive electric actuators for isolating and modulating services

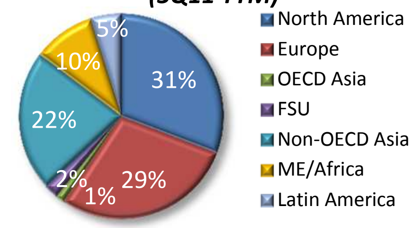
Sleeveless, non-lubricated plug valves for isolation services requiring tight shut-off and in-line repairability

High performance, double-offset butterfly valves for isolation services

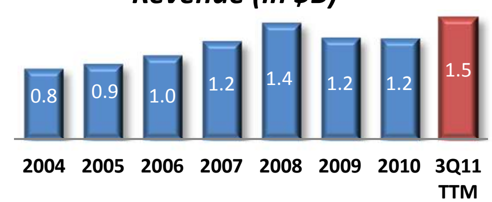
Bookings by Industry (3Q11 TTM)



Bookings by Region (3Q11 TTM)



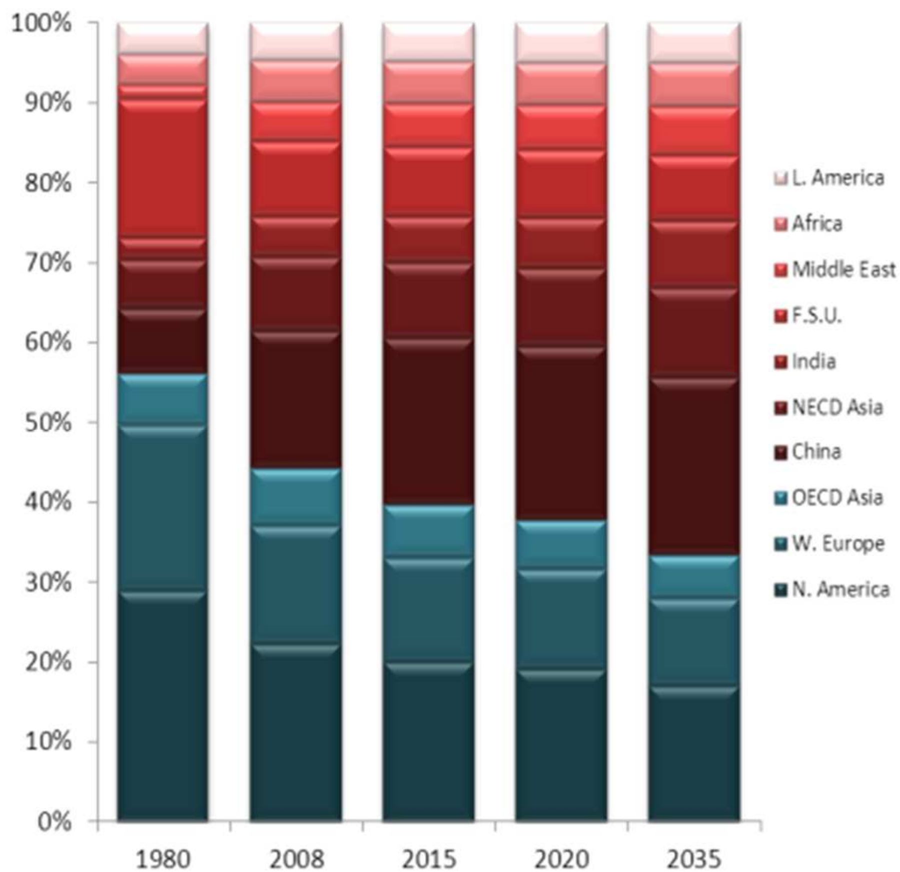
Revenue (in $B)



- *Products - FCD provides highly engineered and pre-configured valves*
- *Industries – Bookings balanced across oil & gas, chemical, power , and GI*
- *Regions - Driven by large global capital projects and local aftermarket solutions*

Strategic Localization

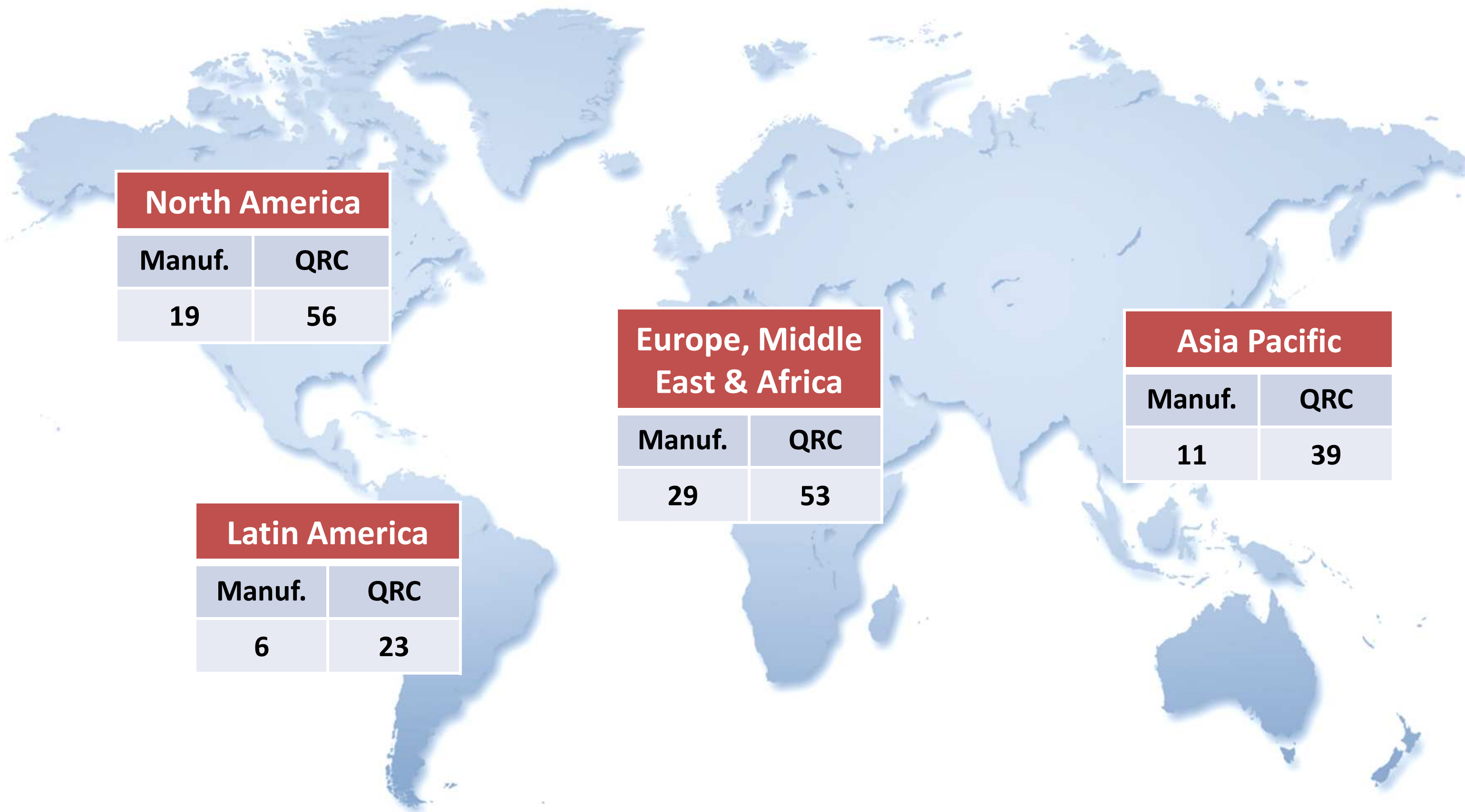
Split of Total Primary Energy Demand by Region



- India Expansion
- China Expansion
- Russia Development
- Africa Development
- Brazil Expansion Program
- Latin America QRC Expansion
- Middle East Development
- Asia Pacific QRC Build-out

Expansion of manufacturing and QRC footprint follows the capital investment plans of our key customers and served markets

FLS Strategic Footprint



North America	
Manuf.	QRC
19	56

Europe, Middle East & Africa	
Manuf.	QRC
29	53

Asia Pacific	
Manuf.	QRC
11	39

Latin America	
Manuf.	QRC
6	23

65 Manufacturing / 171 QRC Sites Globally

*Excludes non-consolidated JV operations

Quick Response Centers (QRC's)

What is a QRC?

- Support centers located near customers
- Provide better than 95% on time performance
- Carry local inventory requirements

Typical Functions:

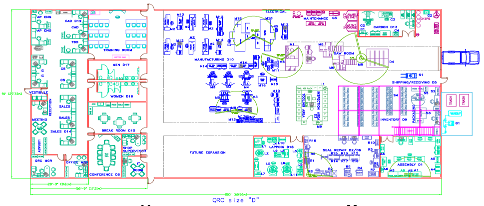
- Single point contact for maintenance/upgrade needs
- Localized manufacturing
- 72 hour turnaround on new units
- Available emergency capacity

Differentiators:

- Standardization
- "QRC in a Box" provides for justification, planning, construction, commissioning of a facility anywhere in the world
- Dedicated inventory, machinery and personnel
- Global delivery of engineering and manufacturing in less than 72 hours

Parts and components

Upgrades and technical solutions

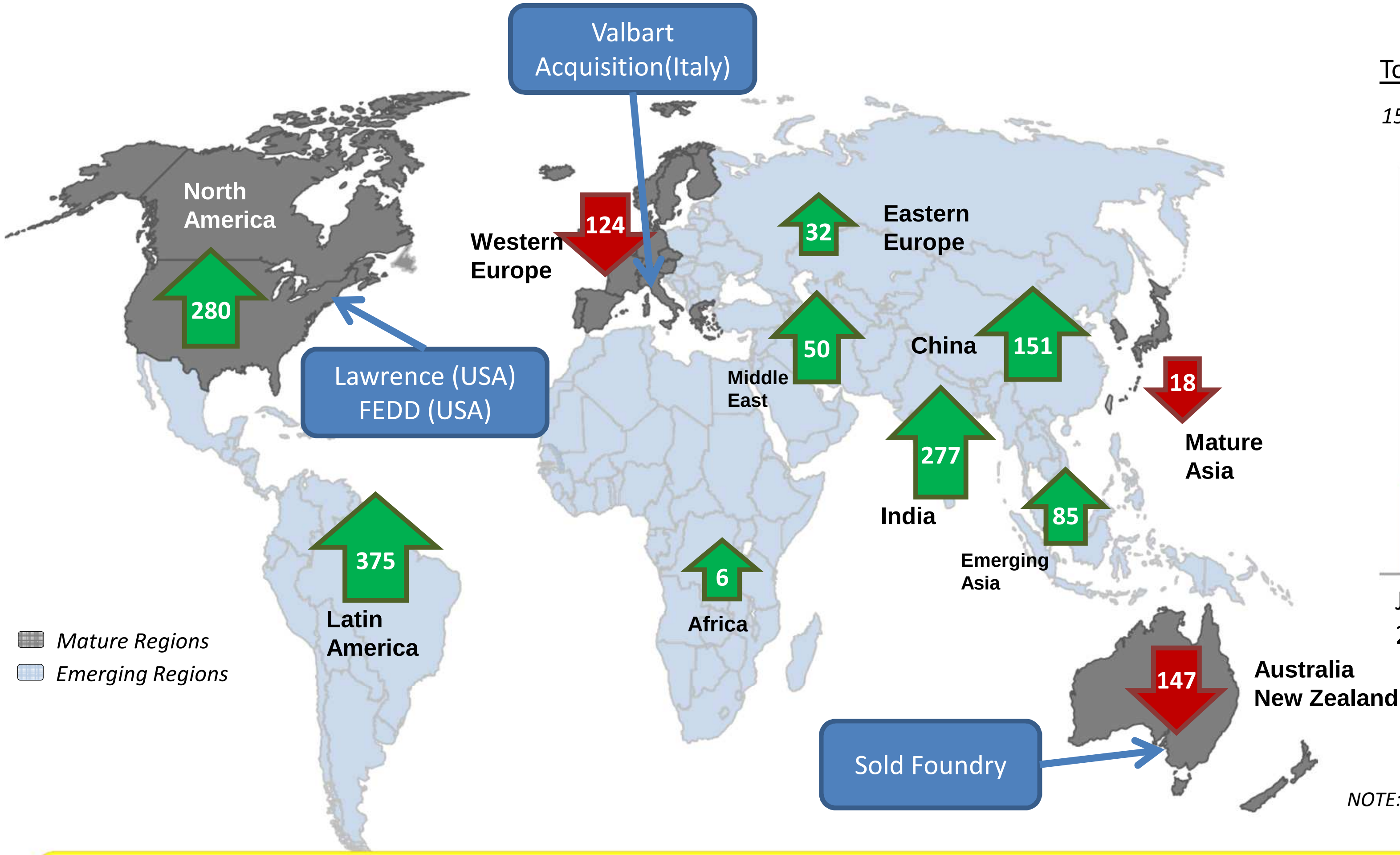


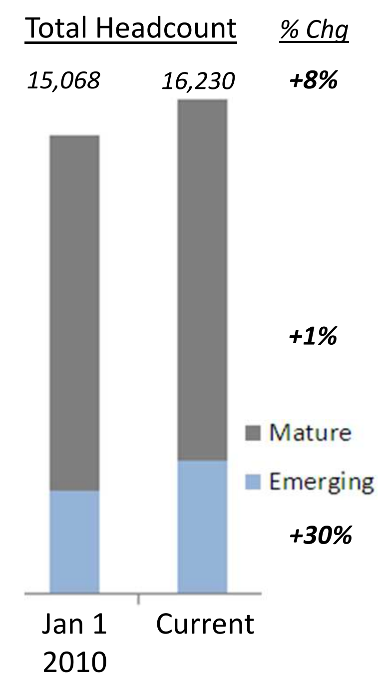
"QRC in a Box"

171 QRC's provide competitive advantage of being physically close to global customers

Emerging Market Demographics

Global Headcount Repositioning





NOTE: Excludes temporary resources

Investing in our growth markets, accessing a low cost platform and driving sustainability

Key Priorities and Initiatives for 2012-16

Growth

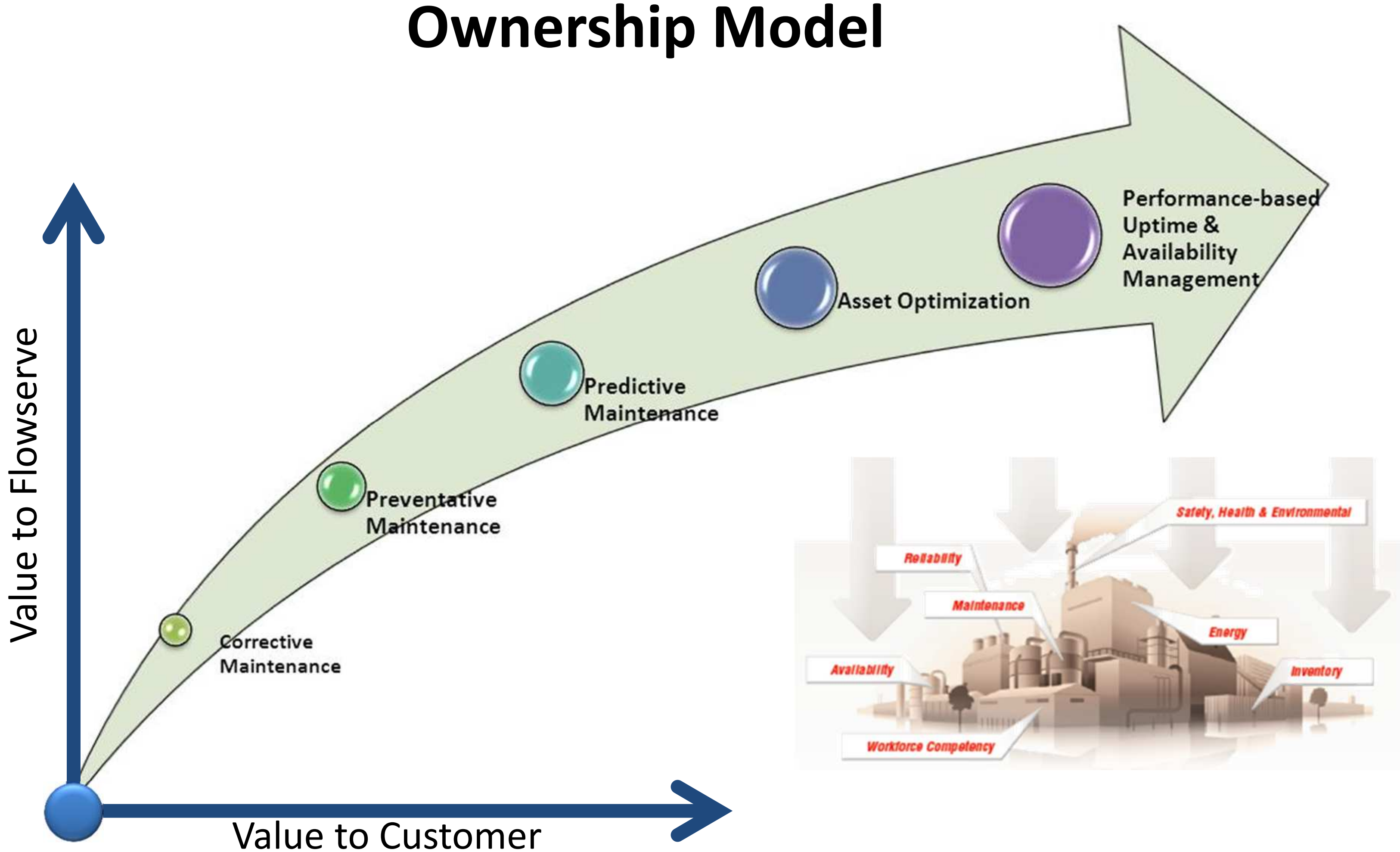
Strategic Localization	Product Quality	On Time Delivery	Aftermarket Leverage
• Brazil - expand manufacturing • Russia - light assembly for select products and a local QRC • India – expand manufacturing • China - expand manufacturing and QRCs • Middle East - grow installed based • North Africa - establish 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 (COQ) issues	• Implement best in class Project Management Process • Improve supplier OTD • Expand internal tracking of inter-company OTD • Global and site supply chain integration	• Expand Integrated Service and 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 Reduction

Focus on Innovation

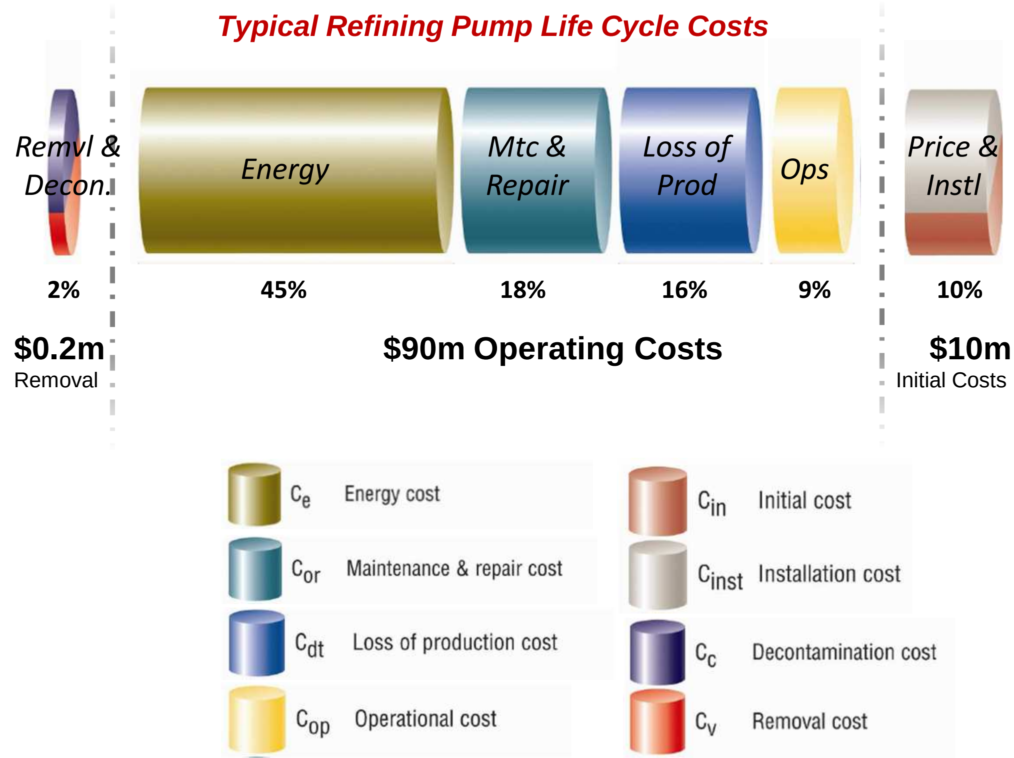
Flowserve's priorities support continued differentiation in the industry and reinforce our areas of key competitive advantage

Aftermarket - Driving Towards a Total Cost of Ownership Model



FLS driving drive growth in the aftermarket business through expanded service and solution offerings

Example: Typical Customer Spend for Refinery Pump Over Pump Life Cycle



- Flowserve works with customers to identify opportunities to reduce costs at each stage of the equipment and system life cycle
- Flowserve has a comprehensive **Services and Solutions** platform that delivers traditional aftermarket services and value-based solutions in collaboration with our end user customers

End user customers typically experience approximately 9 times the initial purchase and installation costs of our refinery equipment example over its operating life

Breakdown of Pump Package Buyouts

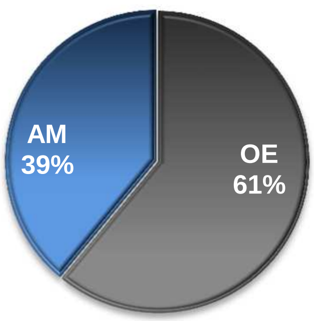
Pump Costs • Bare Pump • Package Engineering • Project Management	**60%** (range 15-75%)
Buyouts • Motors/Drivers • Couplings/Gears • Baseplates • Bearing & Sealing Support Systems	**40%** (range 25-85%)
Total Package Costs	**100%**
Total Package Price	**Market Level**

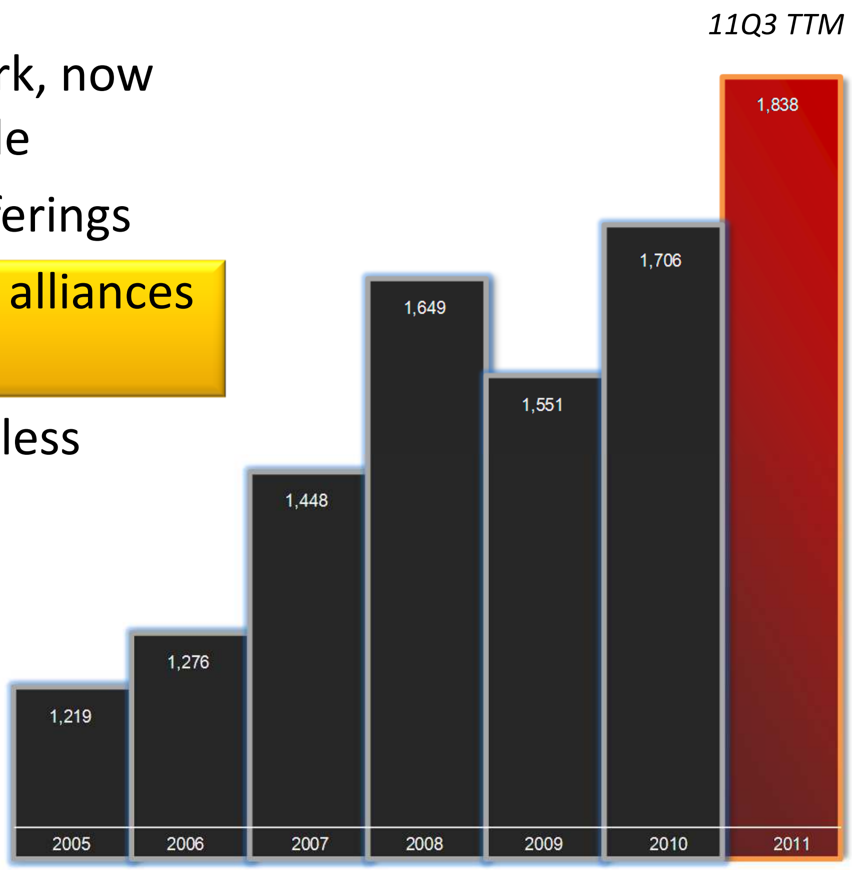
Overall performance of the pump package incorporates the buyout items

Growing the Aftermarket

- Significant expansion in QRC network, now operating in 171 locations worldwide
- Enhanced services and solutions offerings
- Approximately 450 global customer alliances
  - Approximately 112 Fee Based
- Resilient high margin business with less cyclicality

OE/ Aftermarket Bookings Split YTD Q3 2011



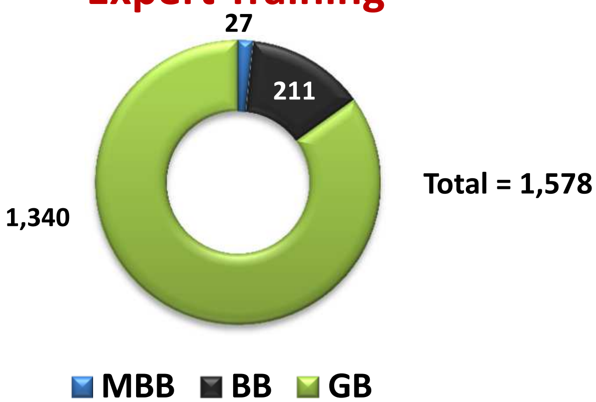


Bookings in $millions

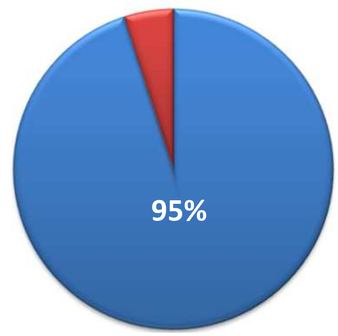
Our extensive network of company-owned QRCs – the largest in the industry – is a key enabler of continued growth to our aftermarket business

Driving Product Quality Through Continuous Improvement Program (CIP)

Expert Training

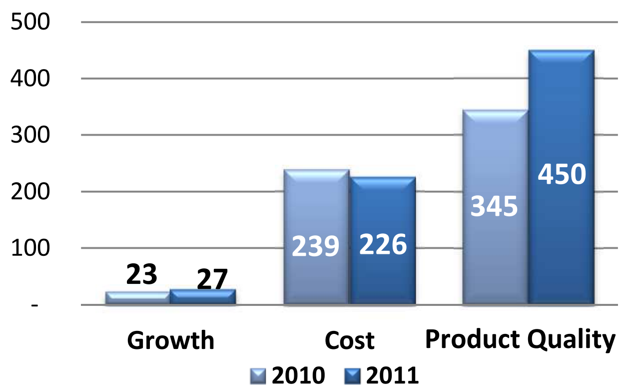


Awareness Training



95% of Flowserve employees have completed CIP Awareness Training

of Projects



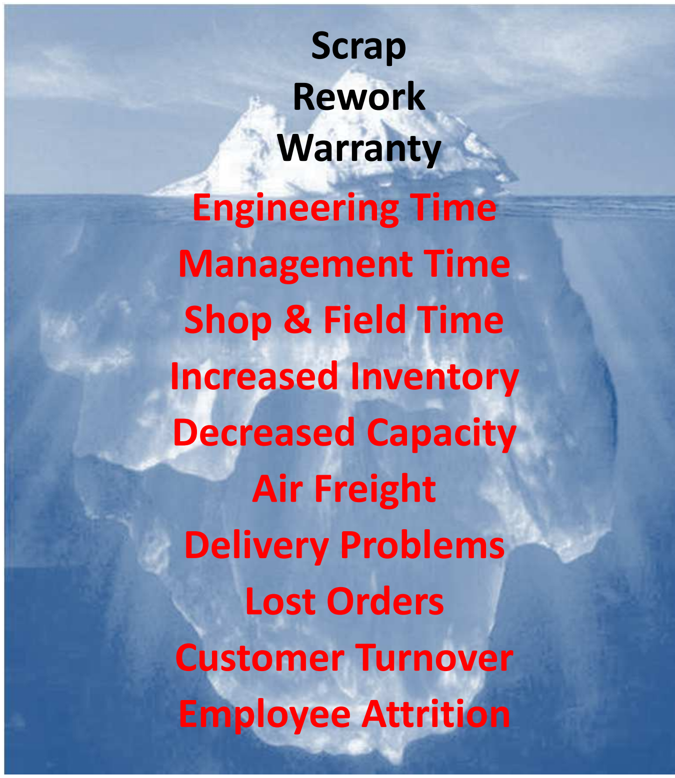
Project Example

Facility revenue in 2011 was 9% more than 2008 while consuming 42% less KWH

A robust, institutionalized CIP program enables our operating platforms to meet our strategic priorities

Quality

Reducing the Total Cost of Quality Issues Throughout the System



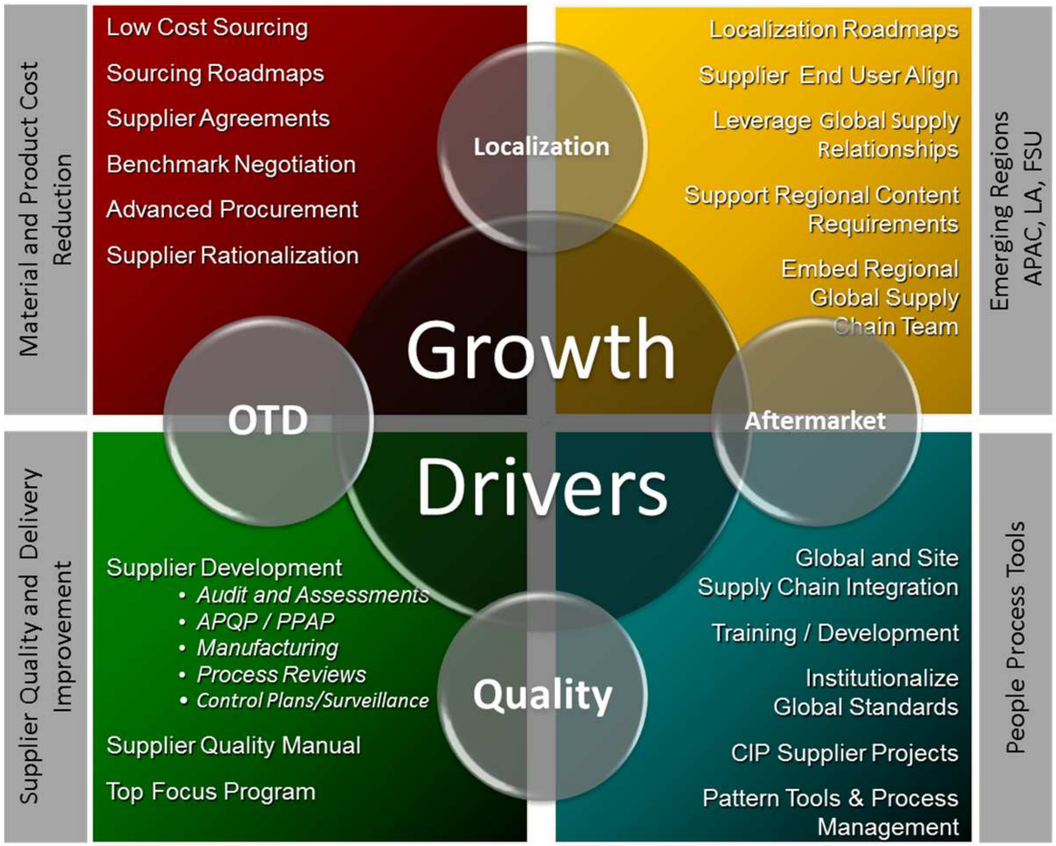
obvious failure costs

hidden failure costs

- Identify and measure all costs related to quality issues
- Address drivers of quality issues across entire supply chain (plan, source, make, deliver)
- Deploy Operations Excellence resources to get to the root cause, vs treating symptoms
- Working Capital Improvement
- IPD improvement path

We are taking a holistic approach to understanding – and addressing – the total impact that quality issues had on the business

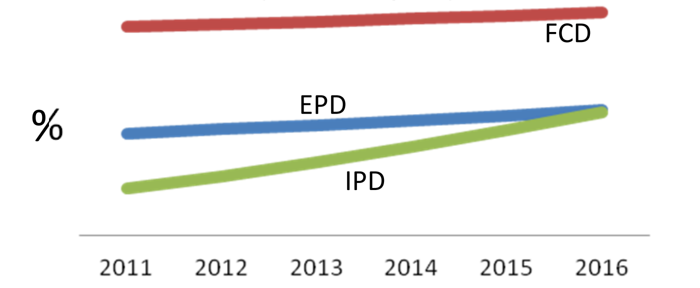
Supply Chain Management

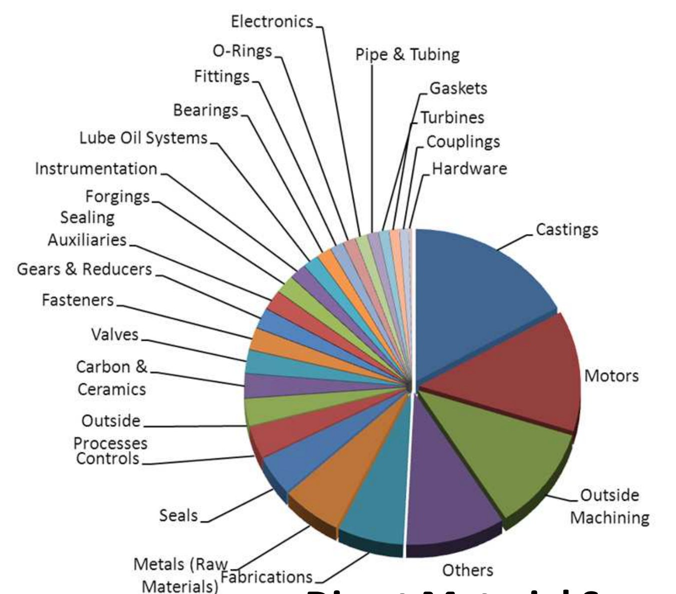


Integrated supply chain initiatives drive our competitive advantage

Growth in LCC Spend

(% of total spend)



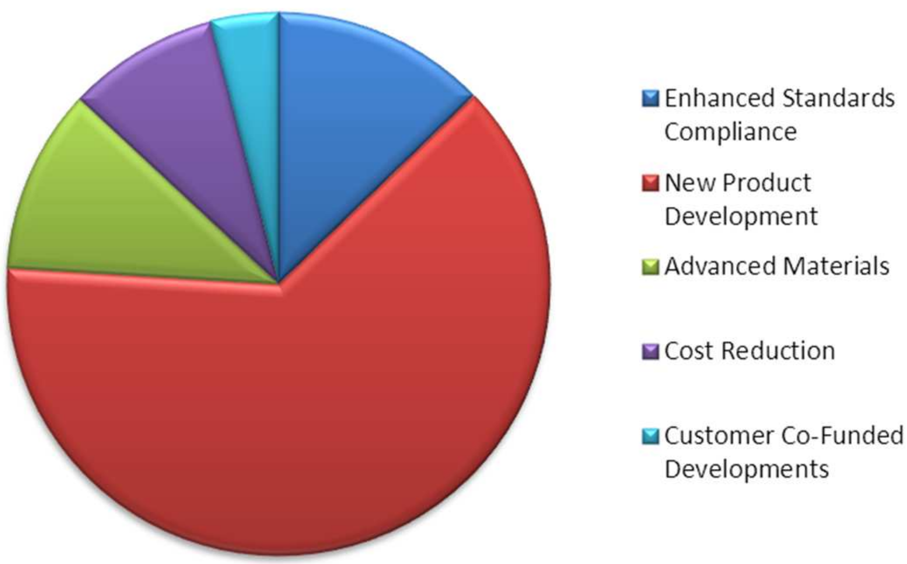


Direct Material Spend

We continually strive to increase sourcing from low cost regions while simultaneously improving quality and OTD of purchased material

Focus on Research & Development

R&D Spend – 2011 Approx. $35M

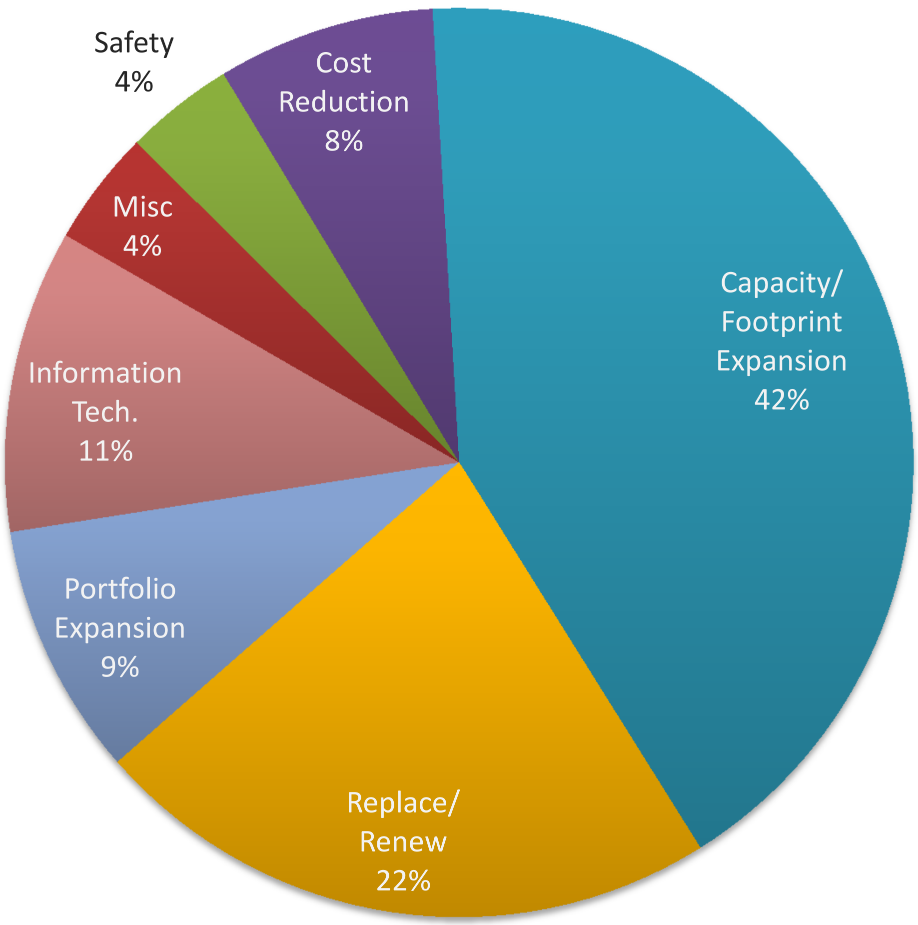


EXAMPLES:

- Enhanced standards compliance
  - New fugitive emissions standards
- New Product Development
  - Trunion-mounted control ball valve
  - Advanced decoker
  - Diagnostics & Asset Management
- Advanced Materials
  - High temperature materials
  - Non-metallic materials
  - Corrosion-resistant coatings
- Cost Reduction
  - Product rationalizations
- Customer Co-funded Development
  - Sub-sea multi-phase pumping module

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

Directional CAPEX Spend



- **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 will continue to align with Flowserve's strategic initiatives

Driving for Growth

CALDER

Switzerland

2009

Global SWRO desalination

+ Technology expansion
+ Pull-through of other Flowserve products
+ Access to Flowserve global sales network

Valbart SRL – THE ART OF MAKING VALVES

Italy

2010

Upstream & midstream oil & gas applications

+ Filled product gap
+ Pull-through of other Flowserve products
+ Access to Flowserve global sales network

LAWRENCE PUMPS INC.

USA

2011

Global /Specialty API/Chemical Pumps

+ Technology expansion
+ Pull-through of other Flowserve products
+ Access to Flowserve global sales network

FEDDwireless – global data integration

USA

2011

Global wireless technology

+ Technology expansion
+ Enhances aftermarket diagnostic services
+ Access to Flowserve global sales network

EMCOMET S.A. – Construcciones Electromecánicas, Metalúrgicas y Civiles

Argentina

2012

Bearing and seal lube oil systems and electric control panels

+ Technology expansion
+ Enhanced product offering and strategic market opportunities
+ Access to Flowserve global sales network

Flowserve has made strategic acquisitions to fill specific product or technology gaps in our portfolio

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

Operations

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

We exceed customer expectations of delivery and quality

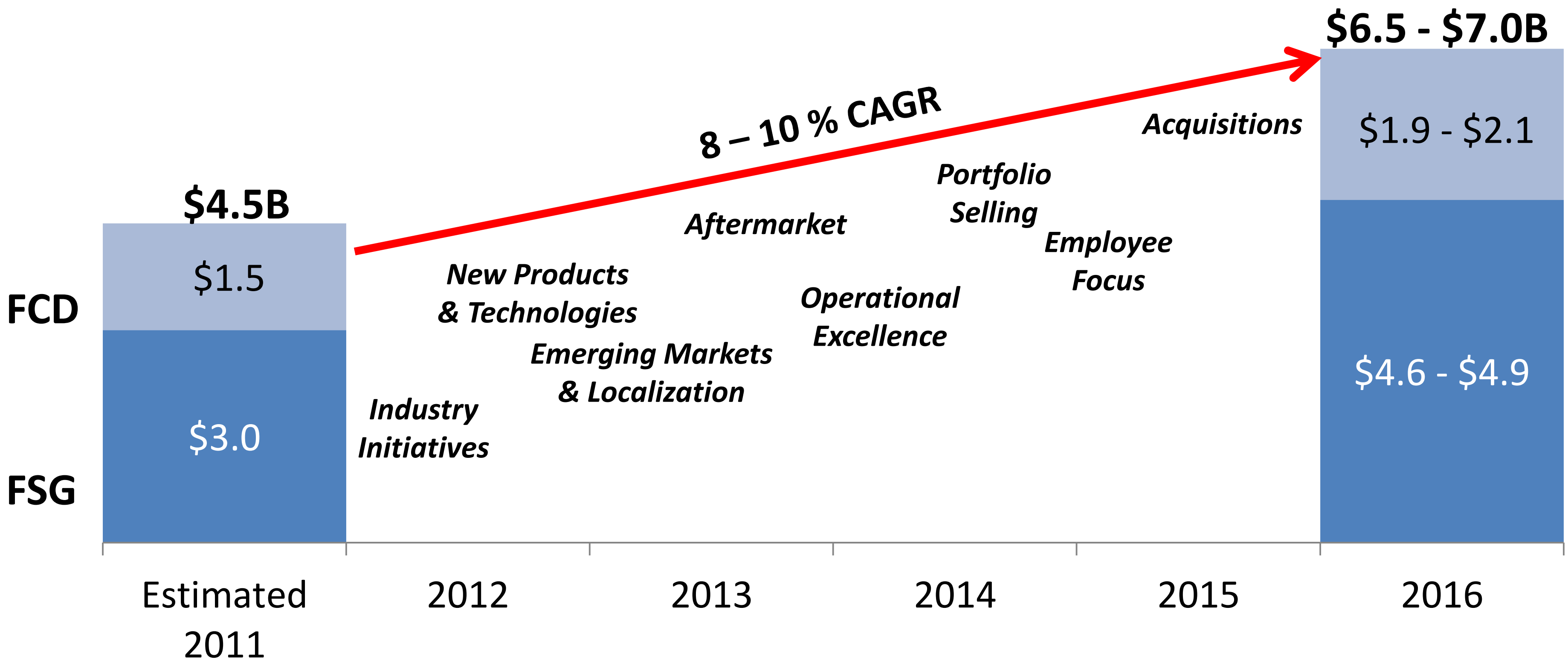
Globalization

- 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

Our products, global footprint, delivery, and commitment to customers' needs make Flowserve the low-risk provider of flow control technologies and services

Flowserve 5 Year Sales Growth Target



Strategic initiatives drive Flowserve's growth well above the market rate of growth

Summary Remarks

- Continue to drive our new equipment business into emerging markets
- Expand aftermarket services (i.e. total lifecycle model worldwide)
- Drive on time delivery
- Drive quality (lean, six sigma, COQ)
- Inorganic and organic growth
- Drive product innovation

Flowserve is positioned well to deliver superior value to our customers worldwide

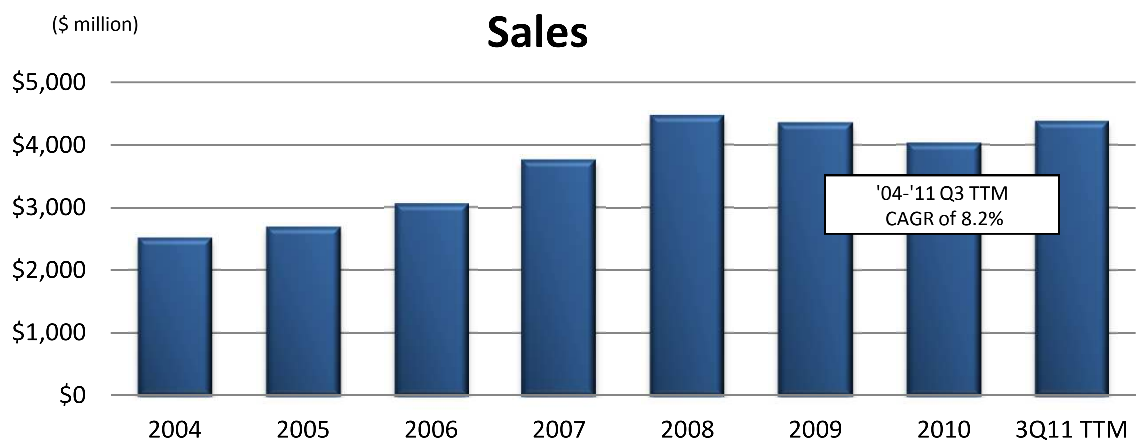
FINANCIAL UPDATE

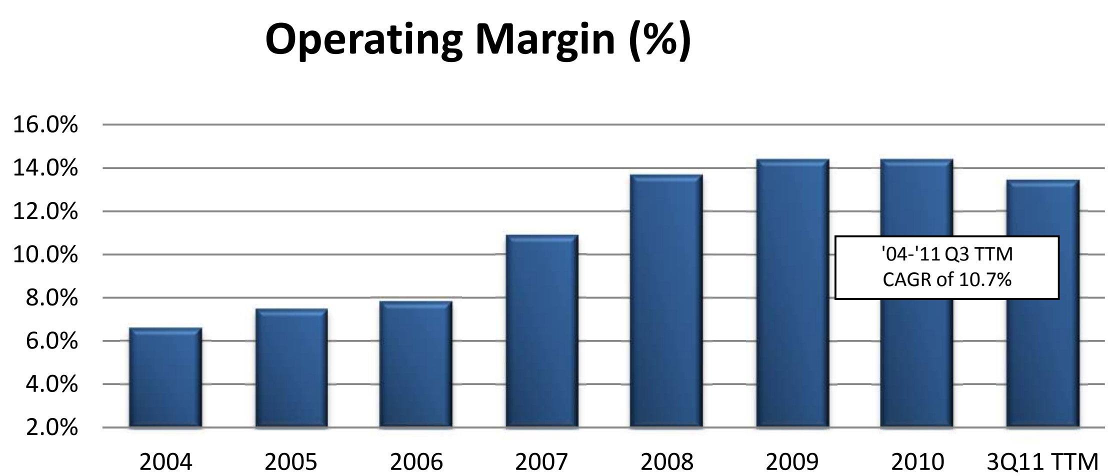
Mike Taff, *SVP and CFO*

Key Themes

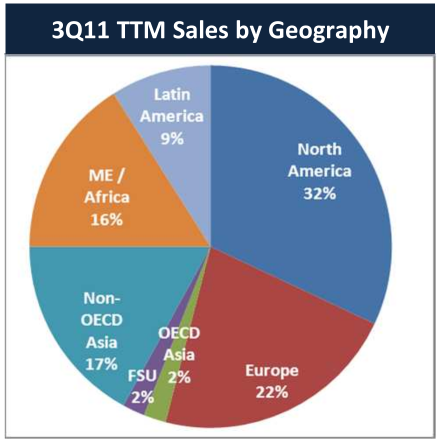
- Solid financial organization with strong internal controls
- Solid financial performance through the cycle
  - Realignment execution and continued cost reduction supports margin expansion
- Strong bookings growth and backlog
  - Earnings growth supported by improved execution opportunities and improved cost structure
- Top-tier performance vs. peers
  - EBITDA growth and margin expansion
  - Return on capital
- Commitment to improve working capital
- Foreign exchange impact
- Guidance and driving shareholder value

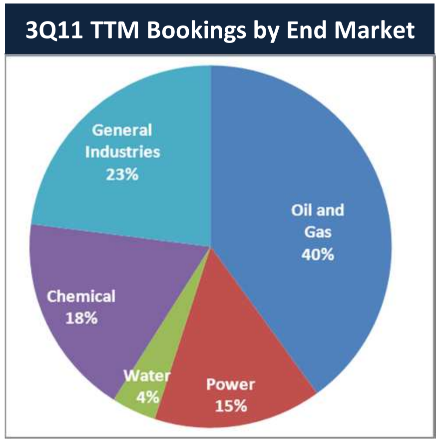
Continued Strong Financial Performance

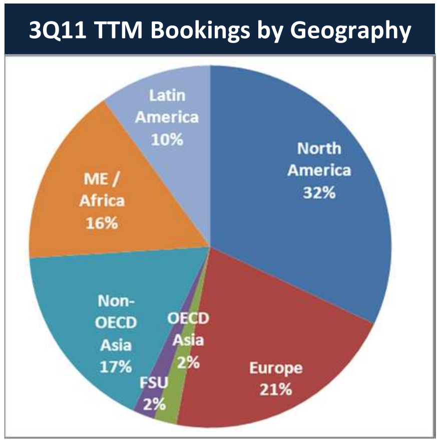


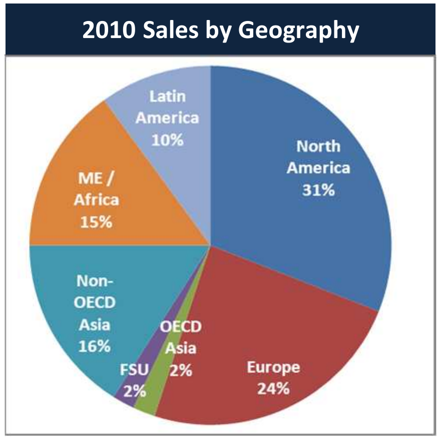


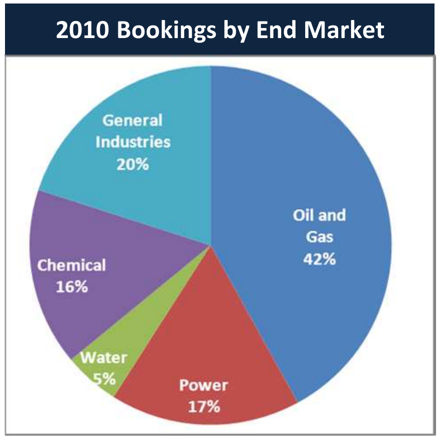
Diverse End Markets and Geography Bookings and Sales

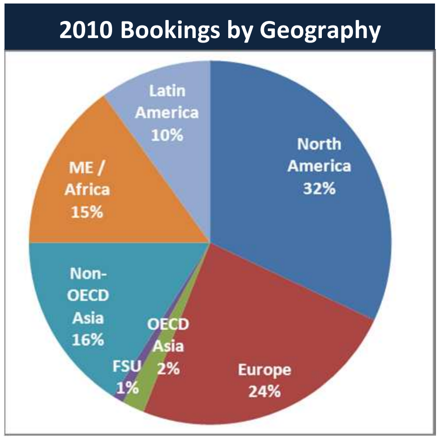










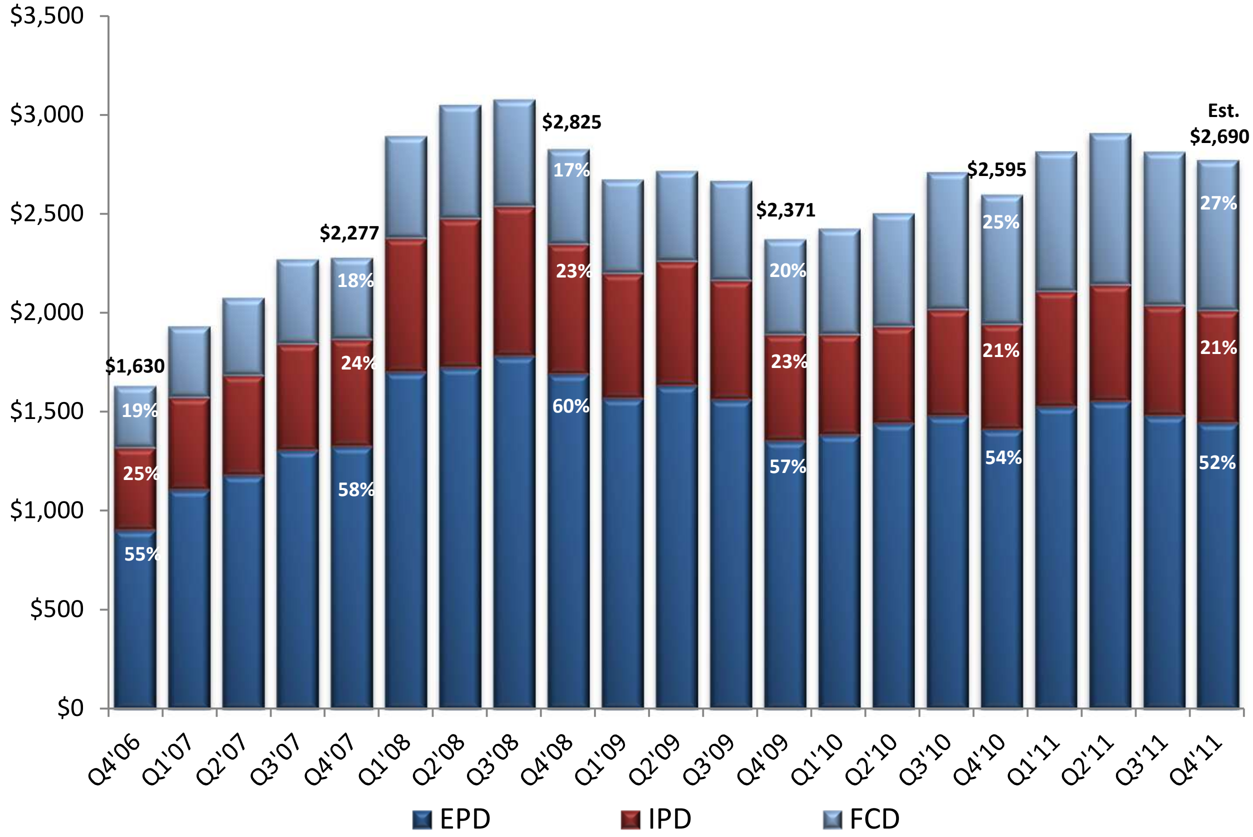


2011 bookings increased 10.2% and shifted towards Asia, Middle East and Africa

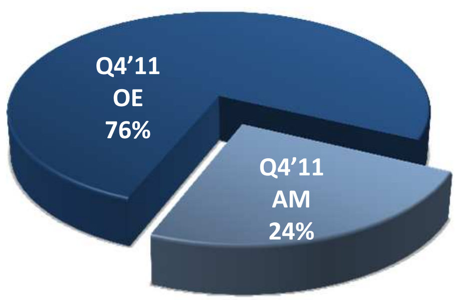
Strengthening Backlog Trends

Quarterly backlog by segment

($ million)



Est. Backlog Mix as of Q4 2011

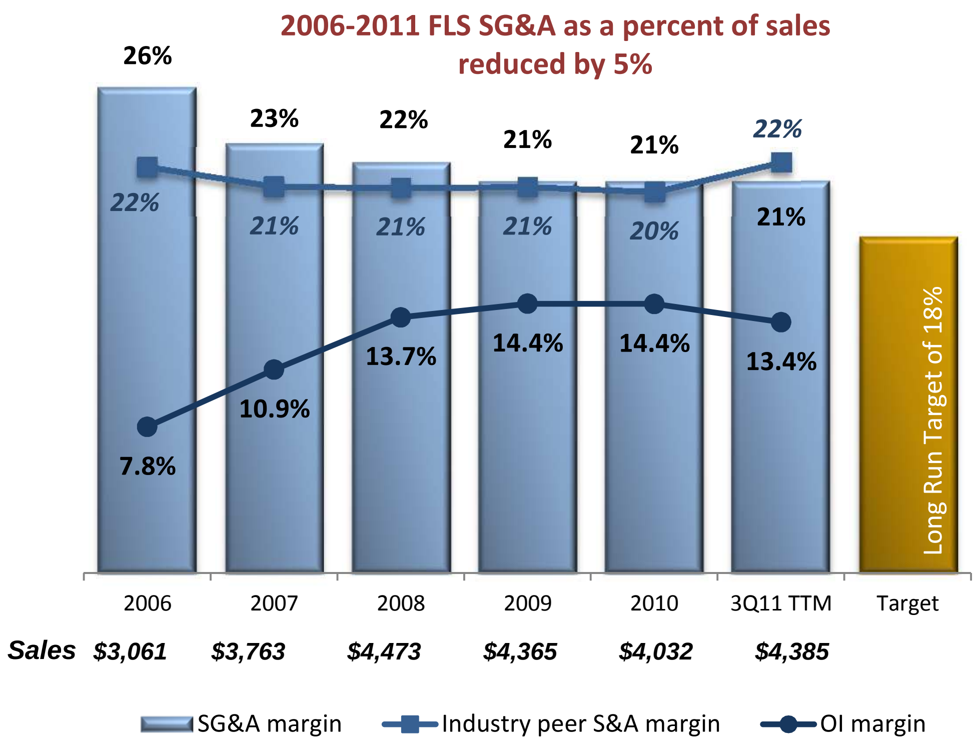


- Estimated 80-90% of year end backlog is realized in earnings the following year
- Long cycle orders represent approximately 35-40% of backlog

Backlog increased estimated 5.6% over 2010 on constant currency basis

Realignment Driving Efficiency

SG&A as % of Sales



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

- Achieved 560 bps improvement in operating margin over the past 5 years
  - Challenging project pricing impact beginning in 2010
  - Backlog pricing stabilized in 2011 with increased selectivity of projects
- Over $90M spent on realignment during 2009, 2010 and 2011 to achieve structural savings and scale the business
- Expect to realize ~$120M annual run rate savings
- Increased investment in compliance capabilities and improved risk management
- Balanced approach to expense management during period of growth

Successful management of costs and margins through the cycle positions us well for margin expansion

Strong Operating Platform

Significant improvement in operating performance

($ millions)	2006	2007	2008	2009	2010	3Q11 TTM
Gross Bookings	3,617.0	4,318.7	5,105.7	3,885.3	4,228.9	4,553.3
Sales	3,061.1	3,762.7	4,473.5	4,365.3	4,032.0	4,385.1
Ending Backlog	1,630.0	2,276.6	2,825.1	2,371.2	2,594.7	2,812.7
SG&A % / Sales	25.6%	22.8%	22.0%	21.4%	21.0%	20.7%
Corporate Expense % / Sales	4.8%	3.6%	2.7%	2.7%	2.0%	1.8%
Operating Margin (%)	7.8%	10.9%	13.7%	14.4%	14.4%	13.4%
Operating Income	239.6	409.9	612.9	629.5	581.4	589.3
Tax Rate	38.8%	28.8%	24.9%	26.8%	26.7%	25.8%
Manufacturing Footprint (000's sq ft)	6,700	6,800	7,100	7,000	7,300	7,500

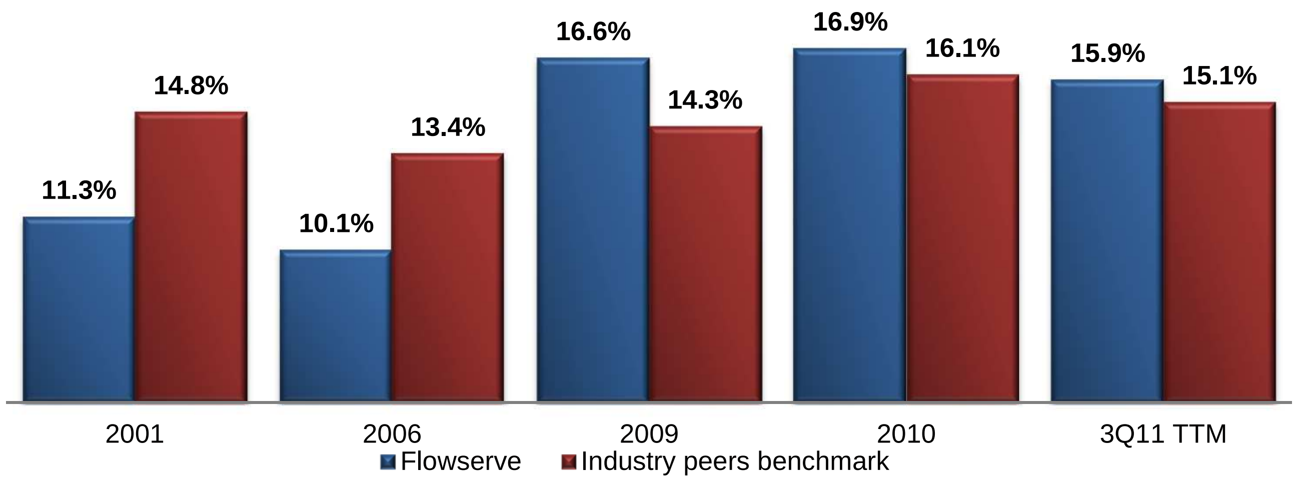
FLOWSERVE

Top-Tier EBITDA Margin

Performance vs. Peers

	01-Q3'11 TTM Change in Margin	06- Q3'11 TTM Change in Margin
FLS	460bps	580bps
Industry Peers	30bps	170bps

EBITDA margin vs. Industry peers

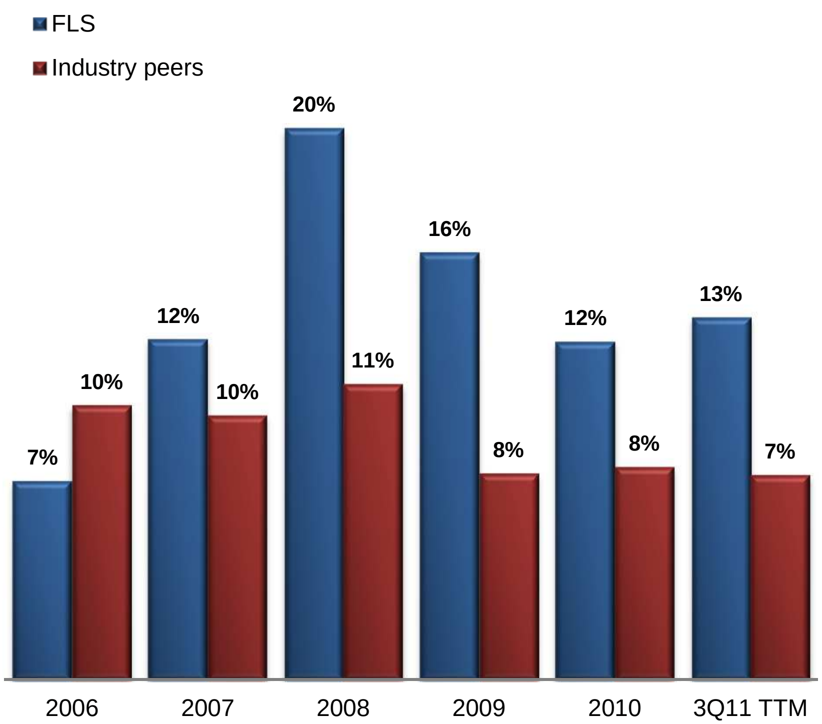


Industry peer group includes: CAM, EMR, TYC, SPW, Smiths Group, CR, KSB, ITT, Sulzer

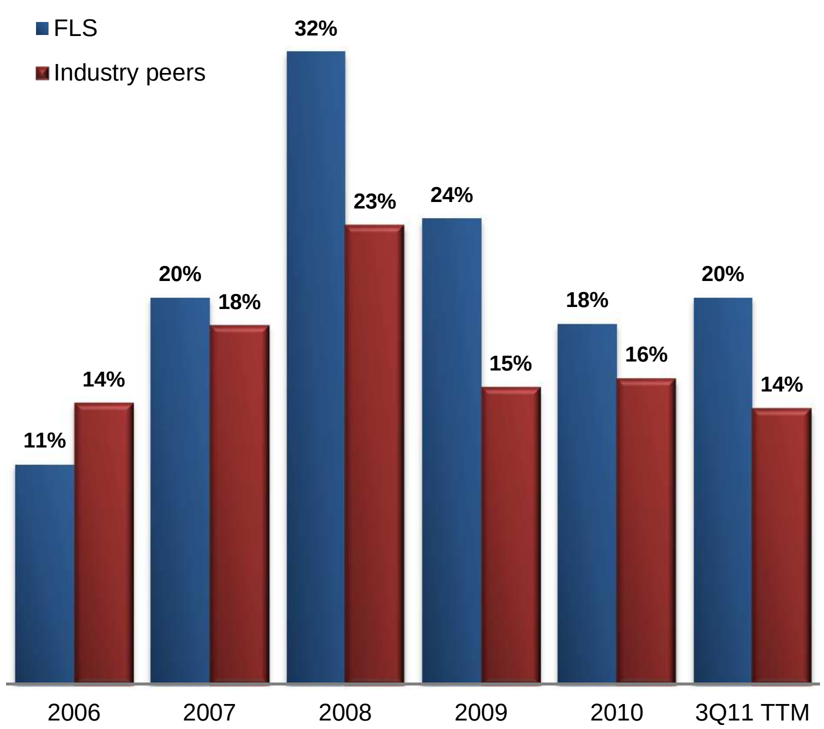
EBITDA margin improvement through aggressive focus on cost reduction and successful integration of acquisitions

Consistently Delivered Returns Over Time

Return on Invested Capital



Return on Equity

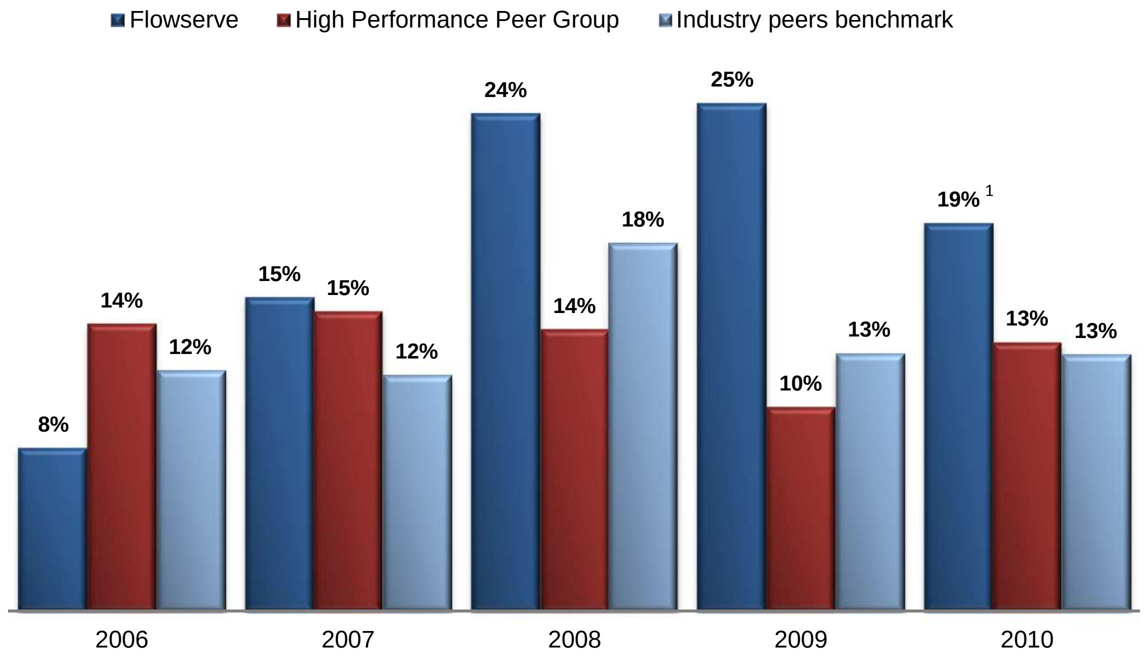


Note: Industry peer set includes: Cameron, Emerson, Tyco, SPX, Smiths Group, Crane, KSB, ITT, Sulzer

Flowserve ROIC and ROE have consistently outperformed Industry peers

Top-Tier Return on Net Assets
Performance vs. Peers

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 and excludes realignment charges.
Industry peer group includes: CAM, EMR, TYC, 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-CH, WAB, WEIR-GB
[1] Includes impact of acquisition of Valbart

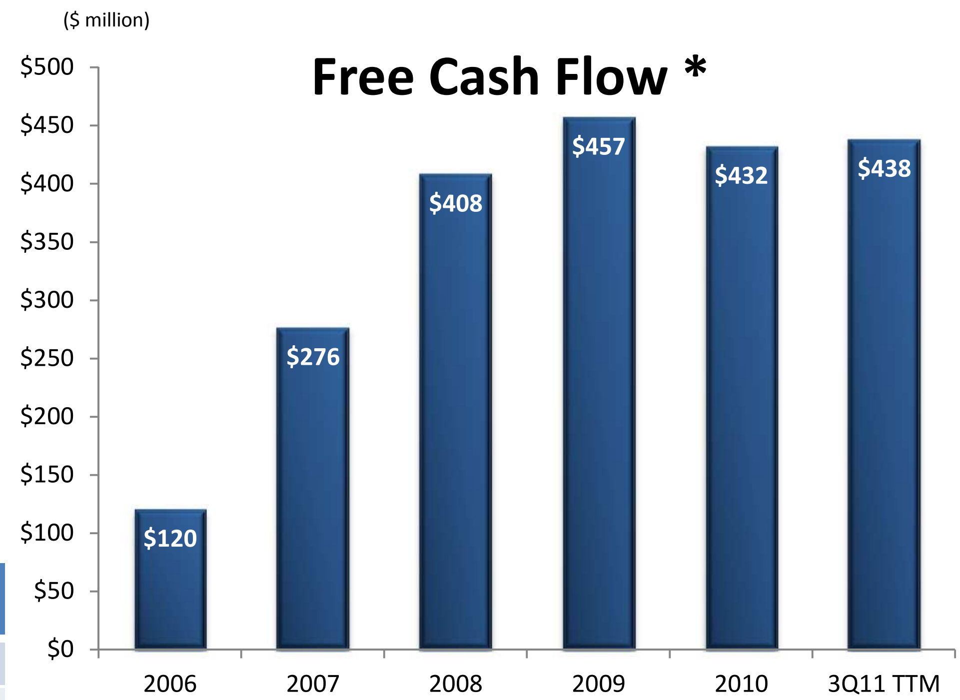
Flowserve outperformed both core and high performance peers in four of the past five years

Strong Free Cash Flow Generation

Strong free cash flow driven by:

- Increased investment in emerging markets and aftermarket capabilities
- Strategic acquisitions
- Operational excellence
- Investments in tax planning
- Challenged by capital expenditures in excess of depreciation to drive organic growth

	2006	2007	2008	2009	2010	3Q11 TTM
EBITDA	$323	$490	$697	$793	$701	$715
Capital Exp.	($73)	($89)	($127)	($108)	($102)	($127)
Cash Taxes	($66)	($65)	($112)	($190)	($136)	($119)
Cash Interest	($64)	($60)	($50)	($38)	($31)	($31)
FCF	**$120**	**$276**	**$408**	**$457**	**$432**	**$438**



* FCF = EBITDA – Capital Expenditures – Cash Interest – Cash Taxes
Note: EBITDA adjusted for realignment and other one-time charges

Strong Free Cash Flow used to support growth initiatives and return capital to shareholders

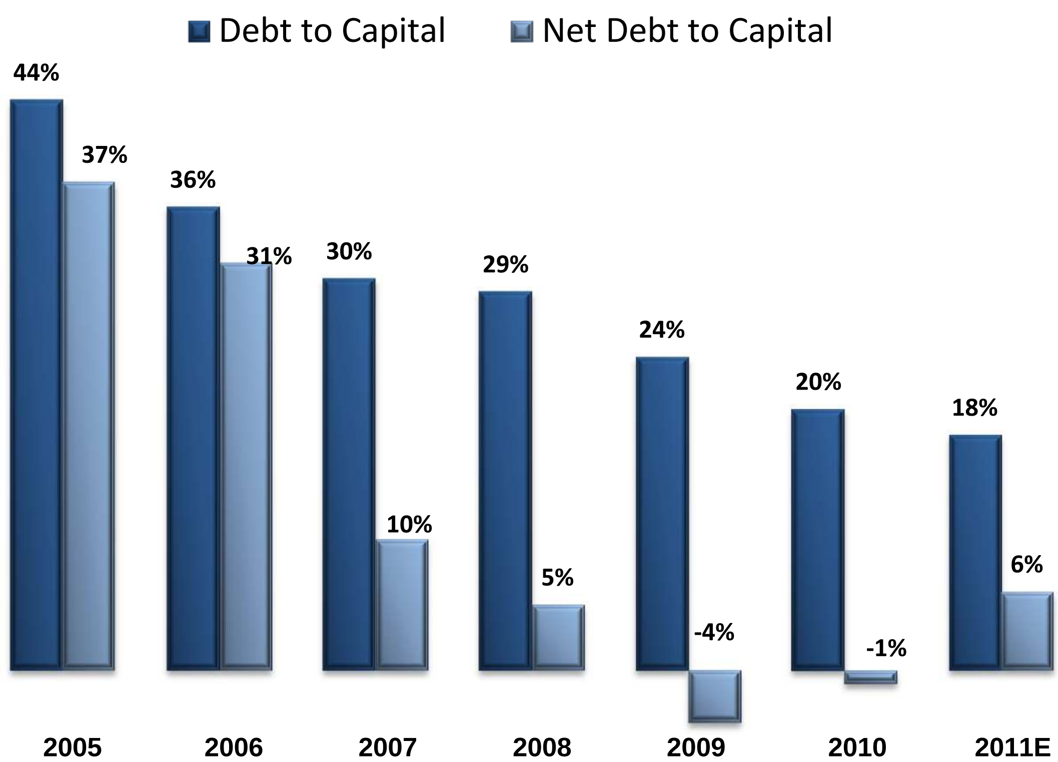
Balanced Cash Deployment

Approximately $2.5 billion in capital deployed from 2006 to 2011

Category	2006-2011 Est	% of Total	Comments
Capital Expenditures	$608M	25%	Invested in operational platform growth and efficiency and strategic investments in emerging markets
Share Repurchases/Dividends	$779M	31%	Returned capital to equity providers balanced with investment in business
Acquisitions, net of divestitures	$291M	12%	Disciplined inorganic growth focused on strategic fit to strengthen capabilities
U.S. Pension Contributions	$229M	9%	Fully funded on a Pension Protection Act basis as of 1/1/2011
Debt repayment & Elimination of Factoring	$235M	9%	Strengthened the balance sheet and eliminated factoring
Realignment	$72M	3%	Scaled and optimized operating platform globally
Increase in Cash	$270M	11%	Strengthened cash position while maintaining a balanced approach to cash deployment

Strong Balance Sheet Provides Flexibility

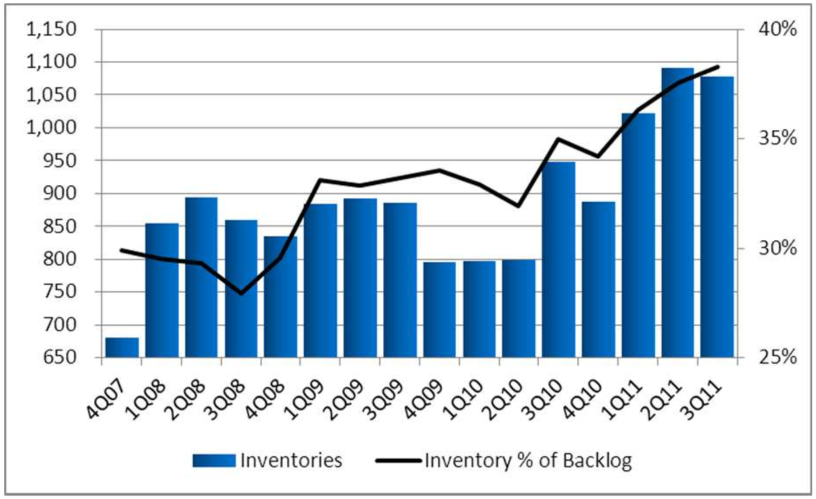
- Long run target gross debt to capital remains 25 – 35%
- Conservative management of the balance sheet over the last 3 years through the global macroeconomic uncertainty
- Stable financial performance and strong banking relationships should allow for ample access to capital needed to support strategic objectives



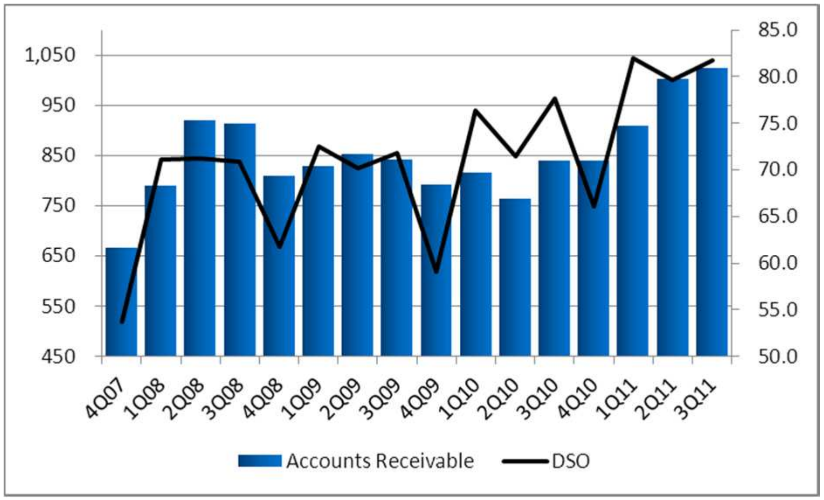
Strong balance sheet supports strategic initiatives

Strong Focus on Working Capital Improvement

Inventory
($ million)



Accounts Receivable
($ million)



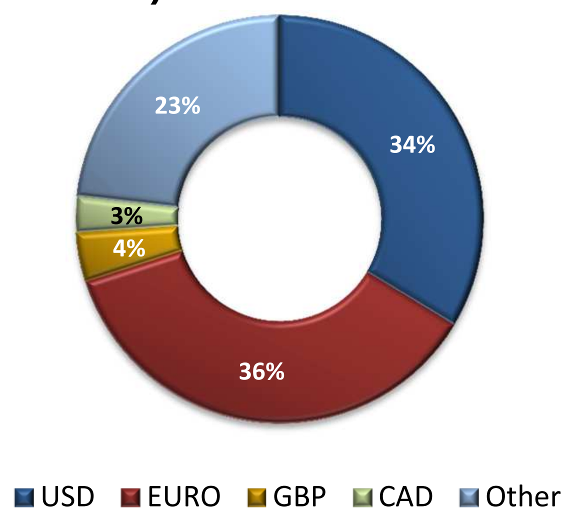
- Management actively engaged in resolving the build up in working capital with sharp operational excellence focus
  - Execution on past due backlog with dedicated project teams lead by CIP professionals
  - Increased accountability meetings and daily centralized management of credit and collections
  - Initiatives to increase advanced cash payment to offset longer lead times

Reduced net past due backlog approximately 20% in Q4

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 loss on the MTM
- 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)

Sales Currency Split (Q3'11 TTM)



FX contracts (US equivalent)

	12/31/10	9/30/11
Notional Outstanding	$358M	$507M

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

2012 Guidance Range

	2012
EPS [1]	\$8.00 – \$8.80
Revenue Growth [2]	5 – 7%
Current Currency Impact [3]	~ (\$0.50) of EPS
Capital Expenditures	\$120 - 130M
Pension Contributions	\$20 – \$25M
Longer Term Guidance:	
2-3 Year Operating Margin Improvement Target	150 – 250 bps
Capital Returned to Shareholders [4]	40-50% of Net Earnings

[1] Similar to 2011, 2012 earnings will be second half weighted. First half margins will be further impacted by remaining roll off of past due backlog in Q1 and Q2

[2] Does not assume impact of potential attractive acquisitions which may arise

[3] Negative currency effects of approximately \$0.50 when compared to average 2011 exchange rates due to strengthening dollar

[4] Financial policy to return 40 - 50% of 2 year average of net earnings to shareholders on a annual basis

Poised to Deliver Improving Shareholder Value

Revenue Growth
8-10% CAGR
2016 Target

Margin Expansion
2-3 Year Operating Margin Target
of 150 – 250 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

Increased Share Repurchase

Driving shareholder return and multiple expansion

WRAP-UP AND CONCLUSION

Mark Blinn, *President and CEO*

FLOWSERVE

Well Positioned for Profitable Growth and Long Term Shareholder Value Creation

- Executing on ***One Flowserve*** creates unified leadership to leverage operational excellence across platform
- Market-leading, differentiated products and global reach enable Flowserve to capitalize on compelling growth opportunities
- Focus on high-margin segments including customized products and aftermarket through innovation and continuous portfolio management
- Disciplined cost management culture has supported margins through downturn and continues to drive operating efficiencies
- Balanced customer base across end markets provides significant operating leverage through the cycle
- Consistent cash flow generation and solid balance sheet provide financial flexibility to support profitable growth and value creation
- Deep commitment to serving customers and generating long-term shareholder value