FLOWSERVE

Robert W. Baird's 2012 Industrial Conference

November 6, 2012

FLOWSERVE

Special Note

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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.

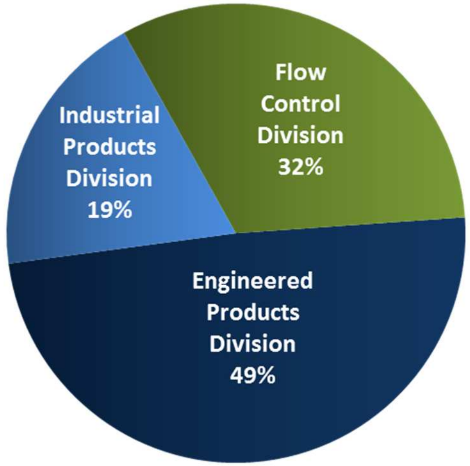
Flowserve Corporation

- **Leading manufacturer and aftermarket service provider of comprehensive flow control systems**
  - History dates back 1790 with more than 50 well-respected brands such as Worthington, IDP, Valtek, Limitorqure, Durco and Edward
- **Develop and manufacture precision-engineered flow control equipment for customer's critical processes**
  - Portfolio includes pumps, valves, seals, automation and aftermarket services supporting global infrastructure industries
  - Focused on oil & gas, power, chemical, water and general industries
- **Worldwide presence with approximately 16,500 employees**
  - 65 manufacturing facilities and 175 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 companies, engineering & construction firms, and global distributors
- **Established commitment to safety and quality with a strong ethical and compliance culture**

Balanced Portfolio Providing Diversification

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

3Q12 TTM Sales Mix

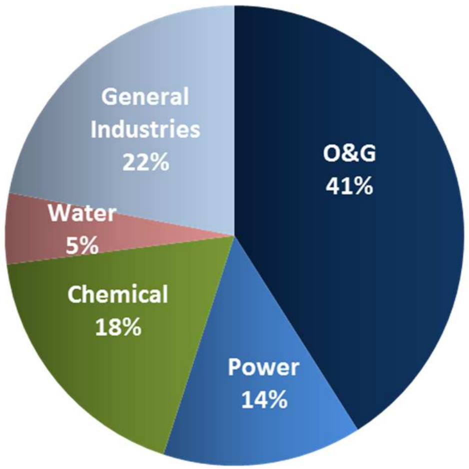


Operating Segments

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

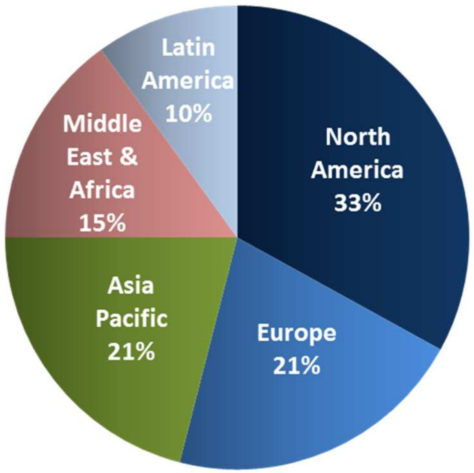
Diverse of End Markets

3Q12 TTM Booking Mix



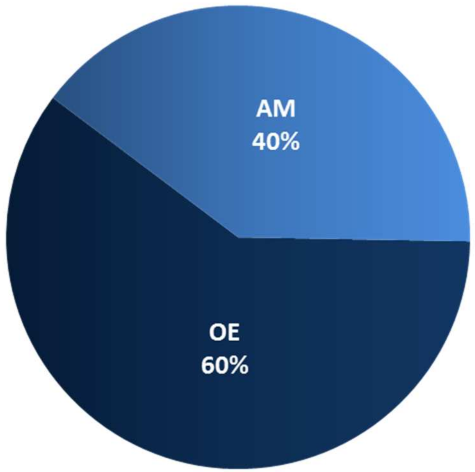
Geographic Diversification

3Q12 TTM Sales Mix



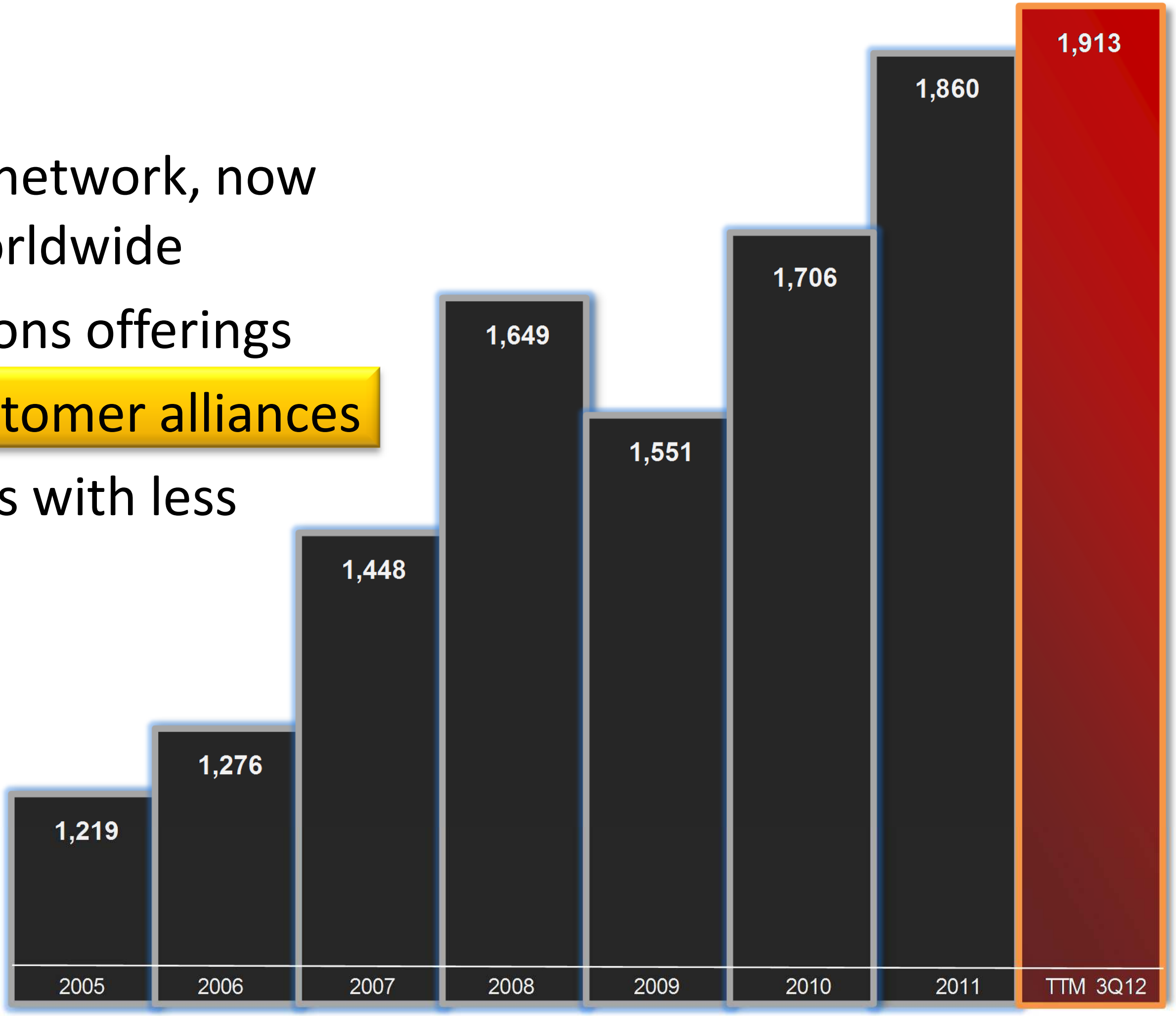
Diverse OE / AM Mix

3Q12 TTM Sales Mix



Growing the Aftermarket
Supporting Our Diversified Risk Model

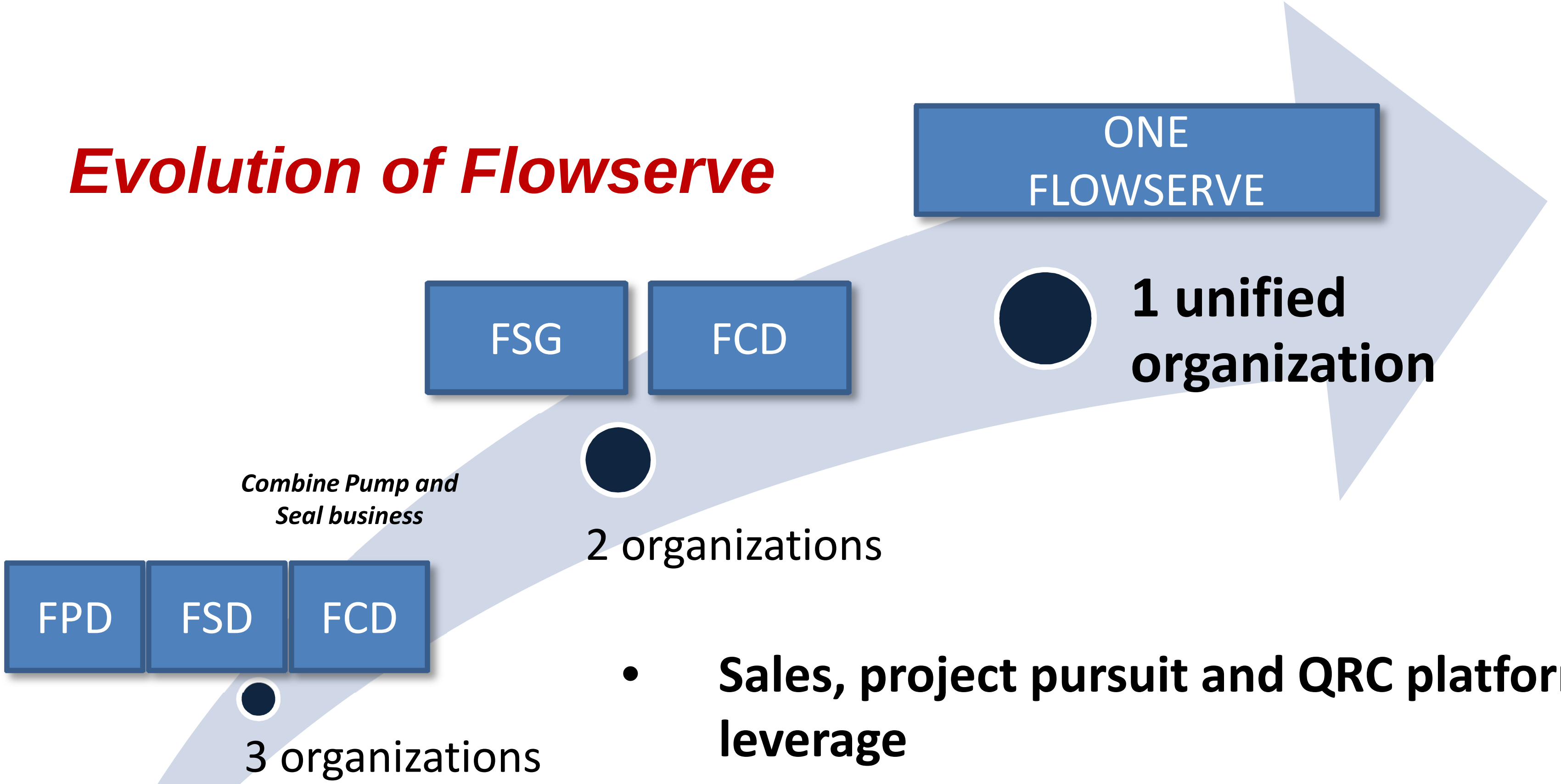
- Significant expansion in QRC network, now operating in 175 locations worldwide
- Enhanced services and solutions offerings
- Approximately 450 global customer alliances
- Resilient high margin business with less cyclicality



Bookings in $millions

Our extensive network of company-owned QRCs – the largest in the industry – has positioned our aftermarket business for continued growth

Benefits of New COO Structure



- **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**

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

Total Served Market for Pumps, Valves and Seals

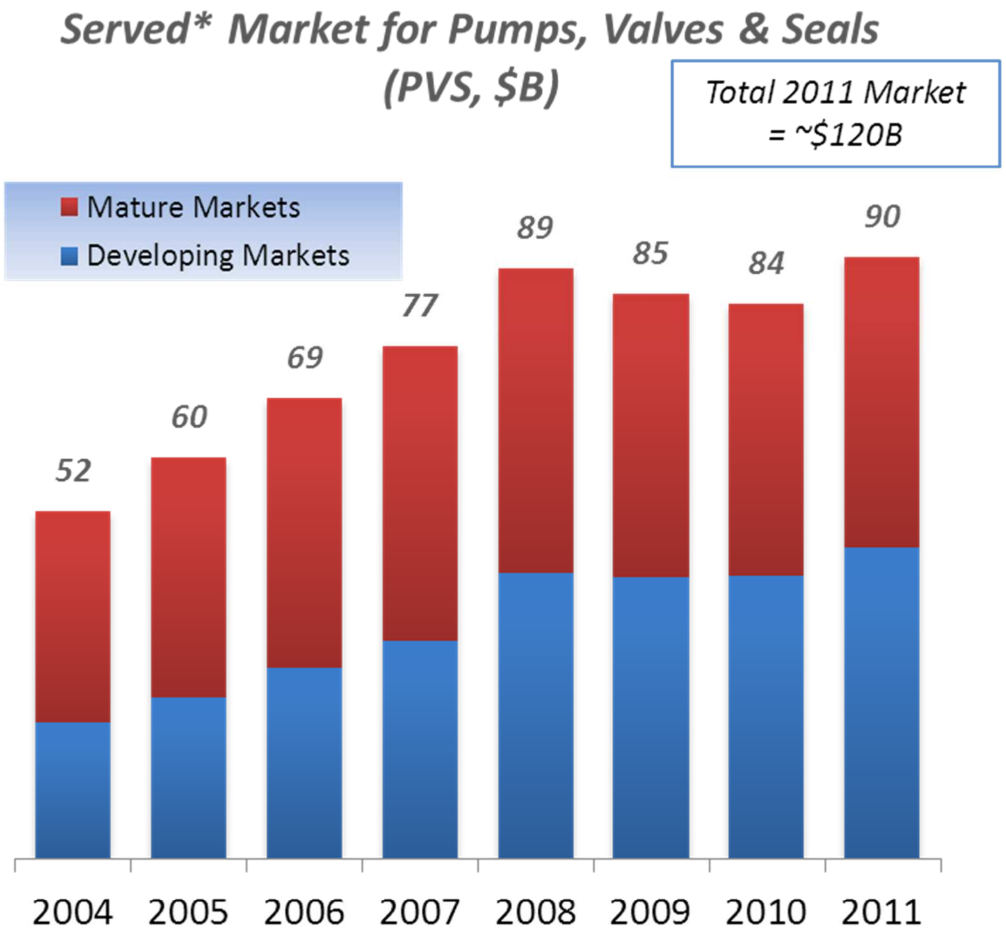


Chart Source: European Industrial Forecast adjusted to nominal dollars

- **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

World's Primary Energy Demand

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

Year	Percentage Contribution by Fuel Source							Total Demand
	OIL	COAL	GAS	BIO MASS	NUCLEAR	HYDRO	RENEWABLES	
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%**	

USES

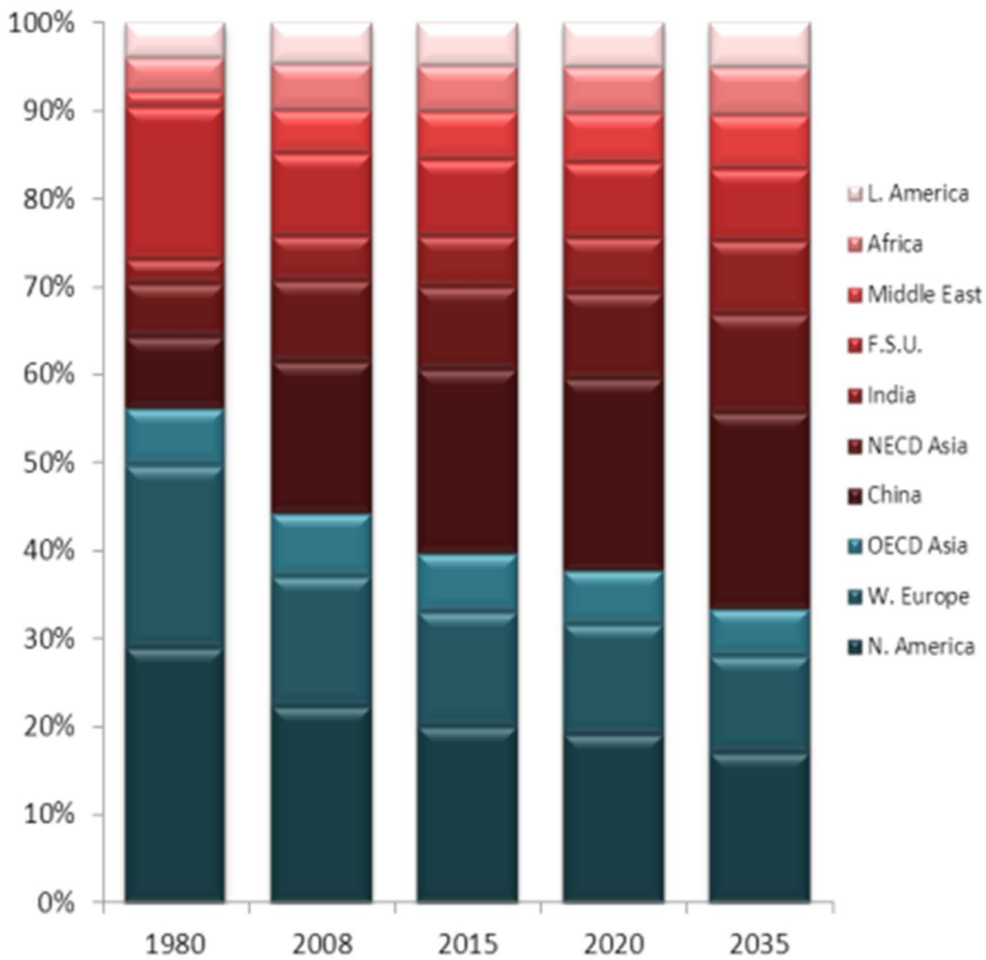
OIL	COAL	GAS	BIO MASS	NUCLEAR	HYDRO	RENEWABLES
Transportation	Transportation	Transportation	**Transportation**			
Industrial Use	Industrial Use	Industrial Use	Industrial Use			
Power Generation	**Power Generation**	**Power Generation**	**Power Generation**	**Power Generation**	**Power Generation**	**Power Generation**
Marine				Marine		
Petrochem	Petrochem	**Petrochem**				
Heating & Cooking	Heating & Cooking	**Heating & Cooking**	**Heating & Cooking**			

Sources : IEA WEO Outlook 2011 , New Policy Scenario

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

Strategic Localization

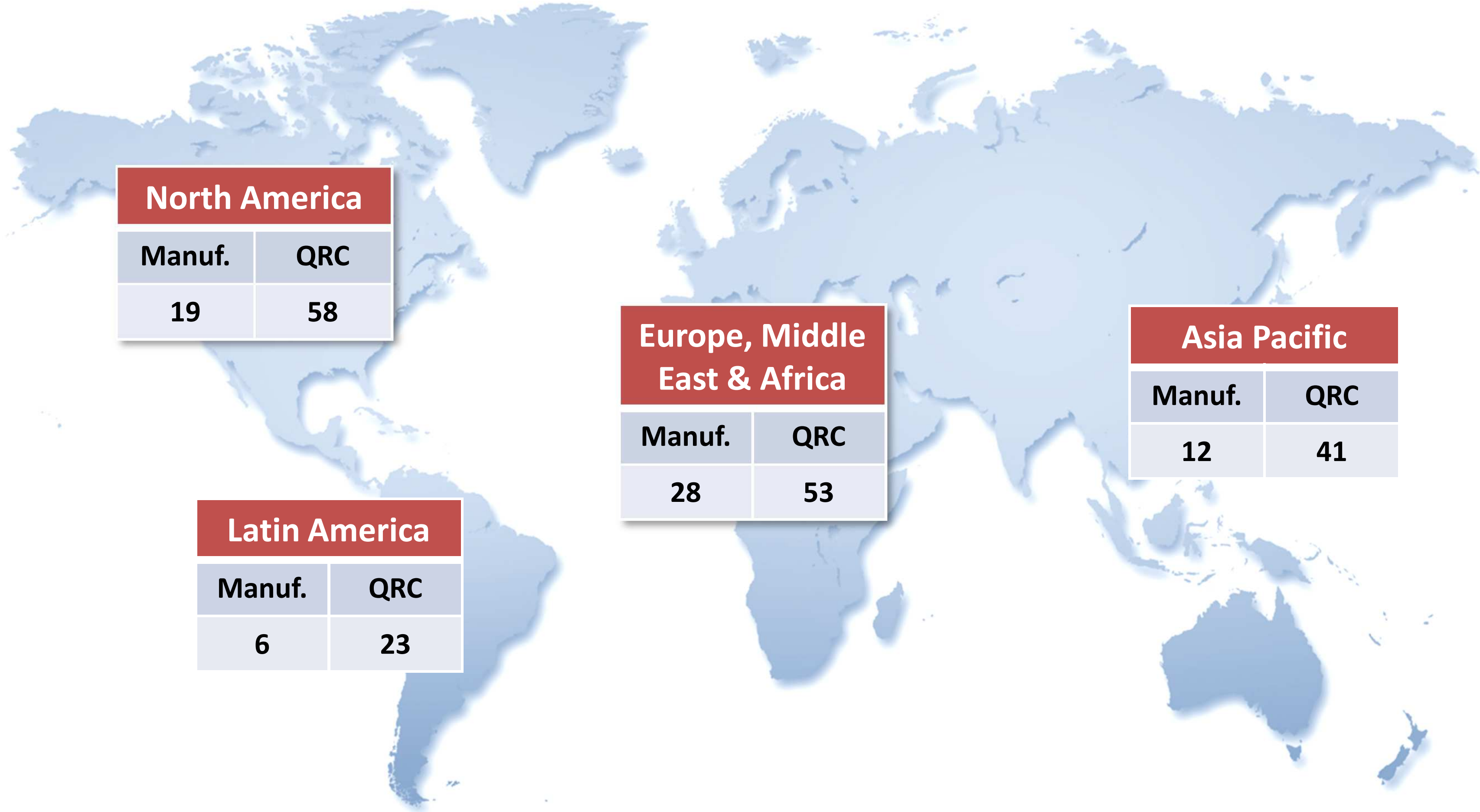
Split of Total Primary Energy Demand by Region



- 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	58

Europe, Middle East & Africa

Manuf.	QRC
28	53

Asia Pacific

Manuf.	QRC
12	41

Latin America

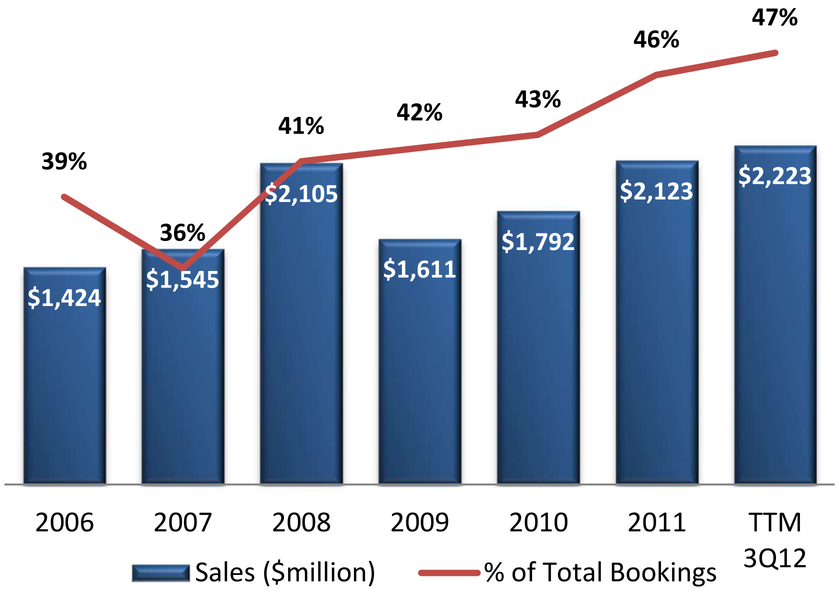
Manuf.	QRC
6	23

65 Manufacturing / 175 QRC Sites Globally

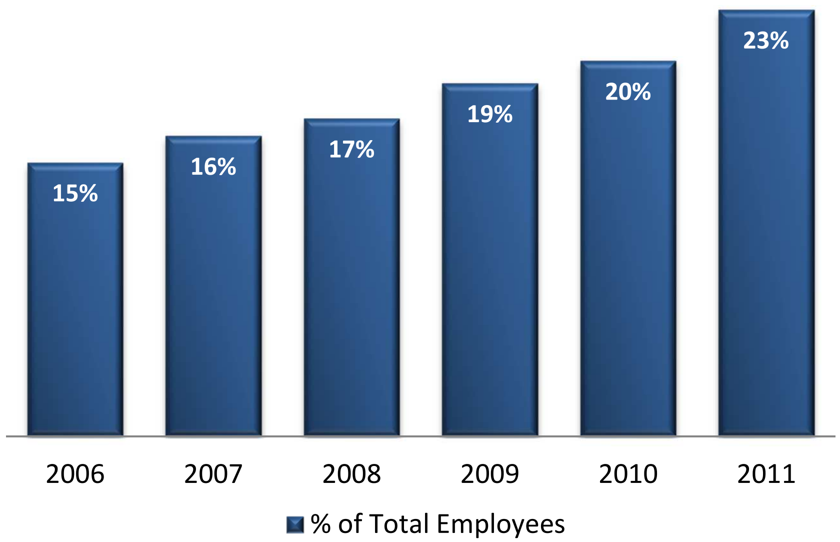
*Excludes non-consolidated JV operations

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

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

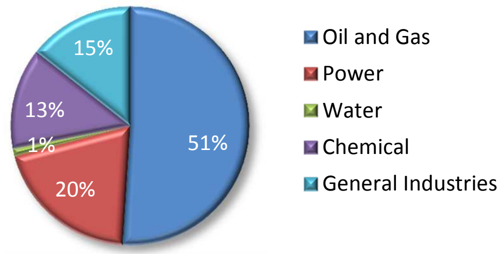
Mechanical Seals & Systems

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

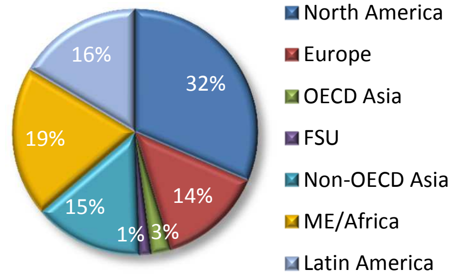
Services & Solutions

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

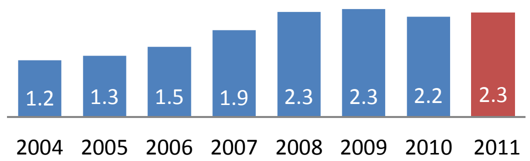
2011 Bookings by Industry



2011 Bookings by Region



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*

Industrial Product Division (IPD)

Industrial Pumps

Pre-configured product

Flowserve standards

Optimized global production platform

Integrated supply chain and low-cost sourcing focus

Speed to market and channel support

Services & Solutions

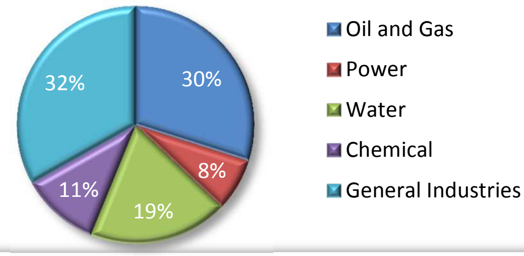
Aftermarket parts & services

Engineering & technical services

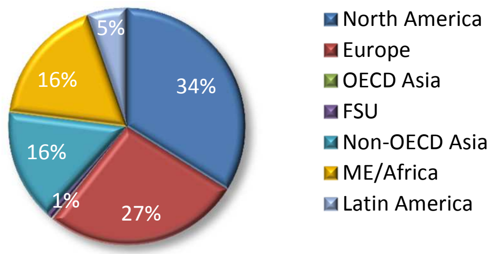
Education & training

Asset management & optimization

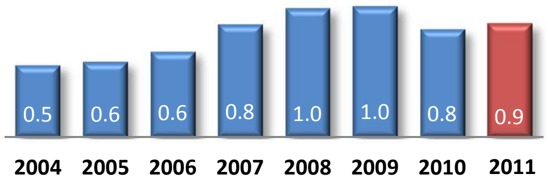
2011 Bookings by Industry



2011 Bookings by Region



Revenue (in $B)



- *Products - IPD provides pre-configured, industrial pump products*
- *Industries - 62% of bookings in the chemical, water and general industries*
- *Regions - Driven by local manufacturing availability and parts support*

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

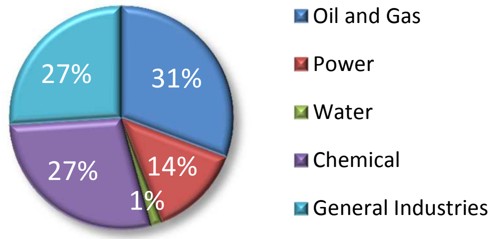
Water

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

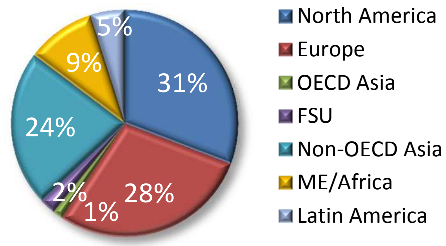
Sleeveless, non-lubricated plug valves for isolation services requiring tight shut-off and in-line repairability

High performance, double-offset butterfly valves for isolation services

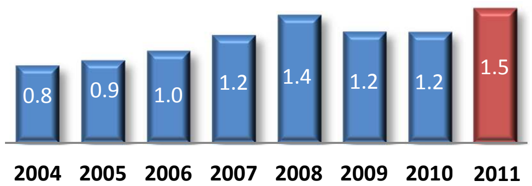
2011 Bookings by Industry



2011 Bookings by Region



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***

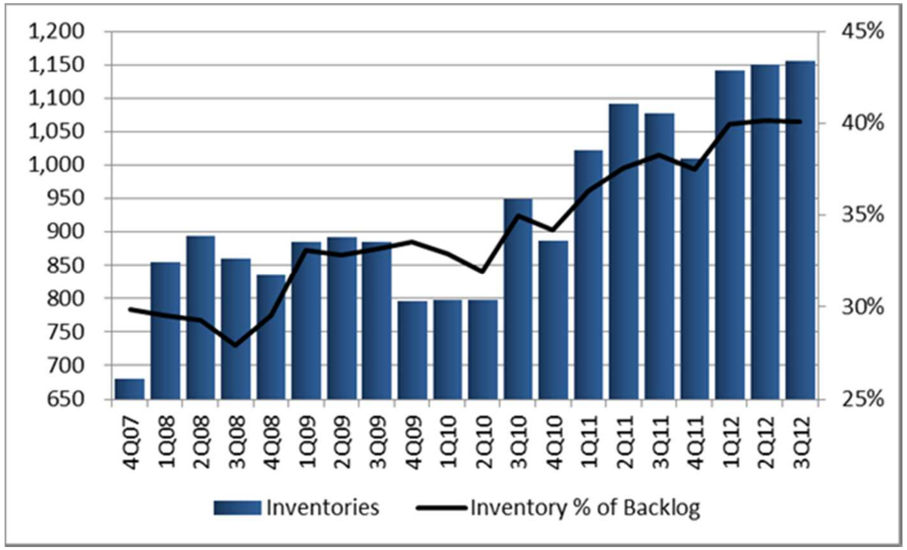
Q3 2012 Financial Highlights

- Reported EPS* of $2.07, including $0.12 of currency related expenses in Other Expense, net
  - Up 7.8% versus Q3 2011 Reported EPS of $1.92 which included $0.08 of currency related expenses in Other Expense, net and $0.02 impact from realignment charges
  - Q3 2012 includes $0.18 above the line negative foreign currency translation impact
- Solid bookings of $1.19 billion, up 2.3% versus prior year, up 9.0% on a constant currency basis, driven by the oil and gas industry in EPD and IPD, partially offset by decrease in power in EPD and chemical in FCD
  - Includes IPD orders in excess of $90 million to supply offshore oil and gas platform equipment over the next five years, primarily in Latin America
  - Solid aftermarket bookings of $475 million, down 2.6% or up 2.3% on a constant currency basis vs. 2011
  - Strength in Latin America and North America, partially offset by decrease in Asia Pacific, Middle East/Africa and Europe
- Reported operating margin of 14.2%, up 40 basis points versus prior year
  - Operating margin impacted negatively by 2% mix shift towards lower margin original equipment and shipments of low margin legacy backlog
    - Expect legacy backlog to be removed as a margin issue in 2013
  - SG&A as a percent of sales declined 60 bps due, in part, to focused cost management
- Backlog at $2.88 billion, up 7.1% over 2011 year-end
  - Expected margins in backlog continued to improve with continued disciplined bid selectivity across all platforms
  - Includes highest quarterly recorded aftermarket backlog of $713 million

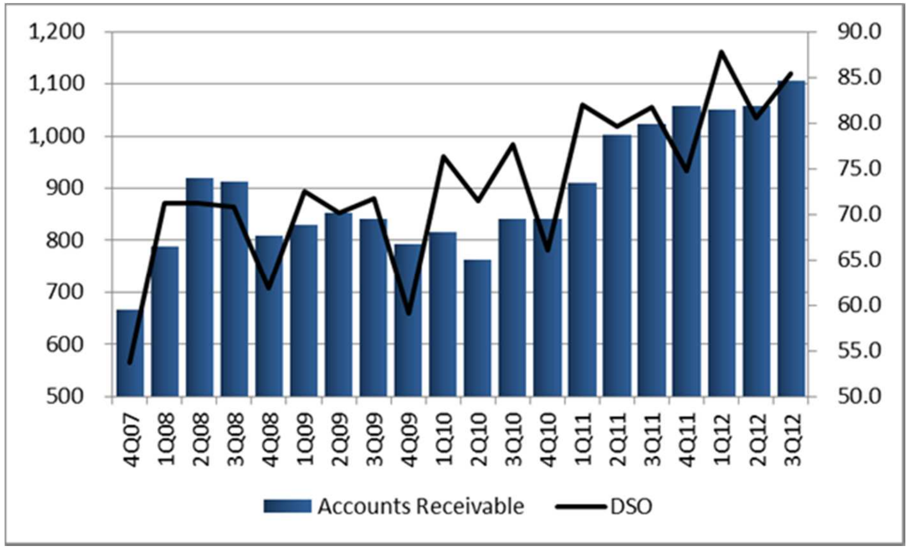
*Calculated using Q3 2012 fully diluted shares of 51.3 million

Strong Focus on Working Capital Improvement

Inventory
($ million)



Accounts Receivable
($ million)



- Management actively engaged in reducing working capital with sharp operational excellence focus
  - Accounts receivable at 85 days at the end of Q3
    - Working to drive DSO into mid-60s over the next 9 – 15 months
  - Inventory levels in 2012 have been in line with revenue forecast and increased backlog
    - Inventory turns at 2.7x in the third quarter, with 15 – 21 months target of 4.0x to 4.5x turns

Management actively driving for improvement in working capital efficiency

Strategically Deploying Capital

- Forecast Long-Term Growth and Return Targets
- Establish Valuation Based on Business Plan

- Establish Credit Characteristics and Liquidity Objectives, and Adjust Debt/Cash as Indicated

- Fund Maintenance Capex, Pension and Benefit Plans, and Regular Dividend

- Allocate Excess Capital to Highest Risk-adjusted Return Alternative that Exceeds WACC

Allocation Alternatives

- Organic Growth Initiatives
- Acquisitions
- Repurchase Shares

Allocating Capital to the Most Accretive Alternative

Capital Deployment

Approximately $2.8 billion in capital deployed from 2006 to Q3 2012

Category	2006 – Q3 2012	% of Total	Comments
Share Repurchases/Dividends	$1.35B	49%	Returned capital to equity providers while continuing to invest in profitable growth
Capital Expenditures	$692M	25%	Invested in operational platform growth and efficiency and strategic investments in emerging markets
Acquisitions, net of divestitures	$287M	10%	Disciplined inorganic growth focused on strategic fit to strengthen capabilities
U.S. Pension Contributions	$236M	9%	Fully funded on a Pension Protection Act basis as of 1/1/2011
Realignment	$72M	3%	Scaled and optimized operating platform globally
Increase in Cash	$119M	4%	Strengthened cash position while maintaining a balanced approach to cash deployment

Business Outlook

- COO structure and "One Flowserve" initiatives continued to drive disciplined, profitable growth
  - Focus on front-end processes and long-cycle market improvements combined to increase expected margin quality in backlog
- Recently announced Dow Benelux five year service agreement driven by strategic investments in our end user strategies
- Focus on driving increased total shareholder return and optimal capital allocation
  - Increased balance sheet efficiency by issuing $500 million 10-year notes at 3.5% as we target gross debt to EBITDA of 1 to 2 times
  - Repurchased $101 million of shares in Q3 2012 and $534 million YTD as we work to complete remaining $524 million of $1 billion share repurchase program in 2013
  - Continued to focus on organic growth investments and bolt-on acquisitions
- Strong third quarter and improving backlog position us well for Q4 and 2013
  - Diversified end-market and geographic exposures continue to mitigate risk and provide incremental opportunities for enhanced growth and profitability

FLOWSERVE

2012 Guidance Range

	2012
EPS	$8.20 – $8.70
Revenue Growth [1]	5 – 7%
Current Currency Impact [2]	~ ($1.00 - $1.10) of EPS
Share Repurchase Impact [3]	~ $0.30 of EPS
Capital Expenditures	$125 - 135M
Pension Contributions	$20 – $25M
Longer Term Guidance:	
2-3 Year Operating Margin Improvement Target	150 – 250 bps
2-3 Year SG&A as % Sales Target	18%
Capital Returned to Shareholders [4]	40-50% of Net Earnings

As of Oct 30th, tightened 2012 full year EPS target range to $8.20 to $8.70

[1] Does not assume impact of potential attractive acquisitions which may arise
[2] Negative currency effects of approximately $1.00 to $1.10 when compared to average 2011 exchange rates due to strengthening dollar
[3] Execution on capital structure strategy with increased share repurchase activity, offset by incremental interest expense to yield a net benefit of approximately $0.30
[4] Financial policy to return 40 - 50% of 2 year average of net earnings to shareholders on a annual basis

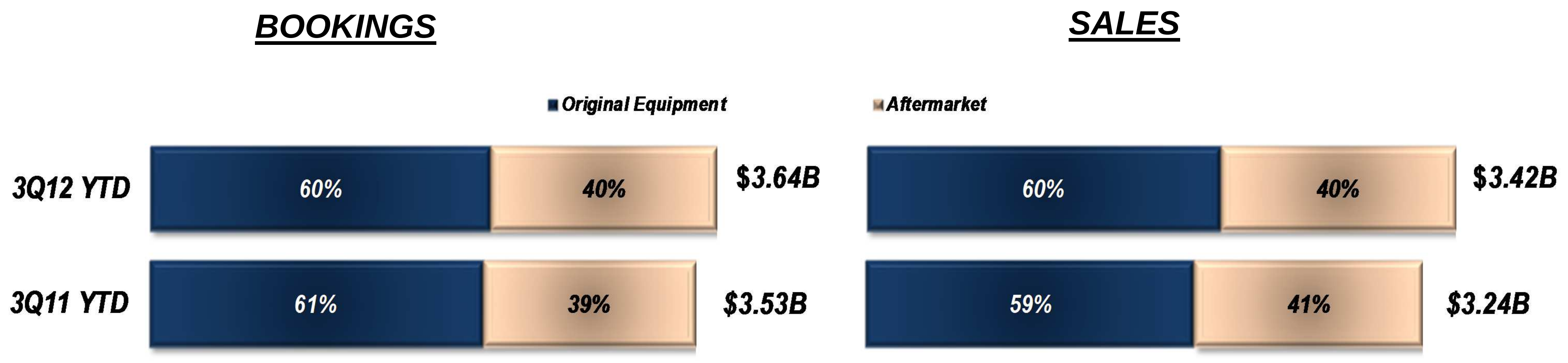
Positioned for Profitable Growth and Long Term Shareholder Value Creation

- Executing ***One Flowserve*** initiative driving unified leadership to leverage operational excellence across all operations
- Diverse end markets, geographic, long and short cycle original equipment and aftermarket exposures provide reduced risk and earnings stability through cycles
- Consistent, strong cash flow generation and solid balance sheet provide financial flexibility to support profitable growth and value creation
- 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
- Deep commitment to serving customers and generating long-term shareholder value

QUESTIONS & ANSWERS

APPENDIX

2012 YTD Consolidated Bookings & Sales



Bookings

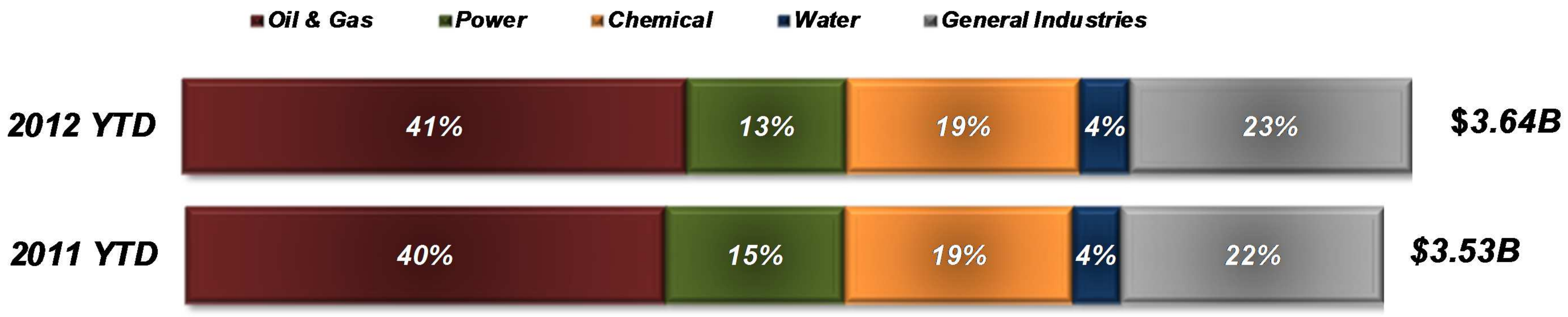
- YTD bookings for 2012 increased 3.1% over prior year, or 8.4% on a constant currency basis, driven by the oil and gas and chemical industries in EPD and IPD, partially offset by the power industry in EPD

Sales

- YTD sales for 2012 strengthened 5.5% over prior year, or 11.2% on a constant currency basis, reflecting improved original equipment sales with increased activity in North America and Asia Pacific, partially offset by a decrease in Europe

Sources: Flowserve Internal Data

2012 YTD Bookings & Industry Outlook



OIL & GAS

- ✓ *Positive long-term outlook due to emerging market demand growth; this is driving high levels of capital spending*
- ✓ *Western hemisphere increasingly important in upstream given deep water, oil sands and shale resources*
- ✓ *New refining capacity centered in Middle East & China; opportunities elsewhere mixed*

POWER

- ✓ *Emerging markets and environmental factors fuel long-term power investment, but current market soft due to weak global economic growth*
- ✓ *Coal-fired power investment concentrated in Asia & East Europe; gas-fired and renewables in North America, West Europe & Middle East*
- ✓ *Nuclear market is still in transition but there are more proposed and planned nuclear reactors today versus last year*

CHEMICAL

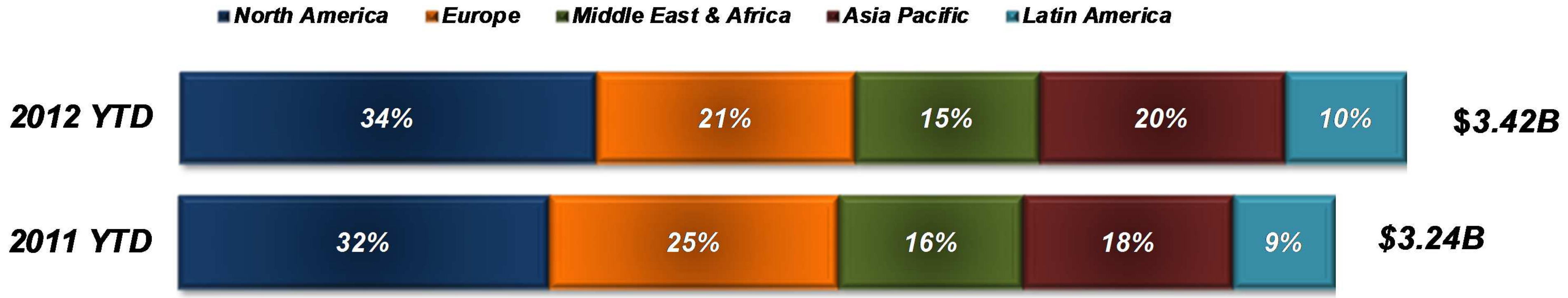
- ✓ *China's construction & manufacturing expansion drives chemical demand; future growth rates high but expected to moderate*
- ✓ *Capacity expansion is mostly in Asia & Middle East, but shale gas is putting North America back in play*

GENERAL INDUSTRIES

- ✓ *Miners spending more carefully with concerns about demand and overcapacity; seeing some project delays while others move forward*
- ✓ *Favorable long-term outlook in mining and mineral project activity given emerging market demand and global population growth*

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

2012 YTD Sales & Regional Outlook



NORTH AMERICA

- ✓ *Unconventional oil & gas boom resulting in strong pipeline, storage and natural gas liquid (NGL) spend, as well as downstream chemical investment*
- ✓ *Shift from coal- to gas-fired power generation capacity accelerated due to economic and environmental factors*

EUROPE

- ✓ *Downward pressure on investment remains given European economic crisis as well as structural changes in refining and power markets*
- ✓ *East Europe and Russia experiencing good level of project activity in energy and industrial markets*

MIDDLE EAST

- ✓ *Nearly a third of new refining capacity to be built in the next few years will be based in the Middle East*
- ✓ *Region diversifying its power generation base with addition of new gas-fired and renewable power; Middle East & North Africa investing in solar*

ASIA-PACIFIC

- ✓ *Liquified natural gas (LNG) investment continues in Australia with near- and long-term potential emerging in other market regions*
- ✓ *China and the rest of Asia accounts for the majority of new refining and chemical capacity planned in the next few years*

LATIN AMERICA

- ✓ *Deep water project investments are a priority for the oil & gas industry in Brazil and Mexico*
- ✓ *Strong level of mining and mineral processing activity expected to continue in the region*

Regional Sales Data includes estimates and sales to contractors, distributors and end users who may transfer product to different region

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

FLOWSERVE

Q3 2012 - Consolidated Financial Results

	3rd Quarter					Year to Date				
($ millions)	2012	2011	Delta ($)	Delta (%)	Constant FX (%)**	2012	2011	Delta ($)	Delta (%)	Constant FX (%)**
Bookings	$ 1,186.1	$ 1,159.7	$ 26.4	2.3%	9.0%	$ 3,635.4	$ 3,526.6	$ 108.8	3.1%	8.4%
Sales	$ 1,165.9	$ 1,121.8	$ 44.1	3.9%	10.6%	$ 3,423.1	$ 3,244.8	$ 178.3	5.5%	11.2%
Gross Profit	$ 389.6	$ 376.6	$ 13.0	3.5%		$ 1,133.4	$ 1,093.6	$ 39.8	3.6%	
Gross Margin (%)	33.4%	33.6%		(20 bps)		33.1%	33.7%		(60 bps)	
SG&A	$ 227.8	$ 226.0	$ 1.8	0.8%	5.7%	$ 673.6	$ 681.6	$ (8.0)	(1.2%)	2.6%
SG&A (%)	19.5%	20.1%		(60 bps)		19.7%	21.0%		(130 bps)	
Income from Affiliates	$ 3.9	$ 4.4	$ (0.5)	(11.4%)		$ 13.2	$ 13.3	$ (0.1)	(0.8%)	
Operating Income	$ 165.7	$ 155.0	$ 10.7	6.9%	14.6%	$ 473.0	$ 425.3	$ 47.7	11.2%	19.0%
Operating Margin (%)	14.2%	13.8%		40 bps		13.8%	13.1%		70 bps	
Adjusted Operating Income*	$ 165.1	$ 156.2	$ 8.9	5.7%		$ 473.0	$ 435.7	$ 37.3	8.6%	
Adjusted Operating Margin (%)*	14.2%	13.9%		30 bps		13.8%	13.4%		40 bps	
Other (Expense) / Income, net ***	$ (9.2)	$ (6.6)	$ (2.6)	(39.4%)		$ (22.2)	$ 7.9	$ (30.1)	(381.0%)	
Tax Expense	$ 37.8	$ 32.1	$ 5.7	17.8%		$ 112.9	$ 103.9	$ 9.0	8.7%	
Net Earnings	$ 106.3	$ 107.8	$ (1.5)	(1.4%)		$ 306.7	$ 303.5	$ 3.2	1.1%	
Diluted EPS	$ 2.07	$ 1.92	$ 0.15	7.8%		$ 5.73	$ 5.40	$ 0.33	6.1%	
Adjusted EPS*	$ 2.06	$ 1.94	$ 0.12	6.2%		$ 5.73	$ 5.53	$ 0.20	3.6%	

Repurchased 4,318,085 shares YTD 2012 in conjunction with the company's previously announced buyback programs

* Adjusted operating income and adjusted EPS exclude realignment charges of ($0.6) million and $1.2 million for Q3 2012 and Q3 2011, respectively, and $10.4 million for YTD 2011

** Constant FX represents the year over year variance assuming 2012 results at 2011 FX rates

*** YTD 2012 includes $21.6 million impact of foreign exchange contract losses and losses arising from transactions in currencies other than our sites' functional currencies vs. a gain of $7.9 million YTD 2011

Q3 2012 Cash Flows

($ millions)	Q1 2012	Q2 2012	Q3 2012	YTD 2012	YTD 2011
Net Income	$ 94	$ 108	$ 107	$ 309	$ 304
Depreciation and amortization	28	27	26	81	80
Change in working capital	(214)	31	(70)	(253)	(575)
Other	(16)	2	0	(14)	41
Total Operating Activities	**(108)**	**168**	**63**	**123**	**(150)**
Capital expenditures	(29)	(28)	(27)	(84)	(71)
Acquisitions & Other	2	0	1	3	3
Total Investing Activities	**(27)**	**(28)**	**(26)**	**(81)**	**(69)**
Proceeds of debt	1	304	893	1,198	1
Payments on debt	(6)	(6)	(763)	(775)	(19)
Dividends	(17)	(20)	(18)	(56)	(52)
Repurchase of common shares	(22)	(411)	(101)	(534)	(41)
Other	11	0	(9)	2	0
Total Financing Activities	**(34)**	**(133)**	**2**	**(165)**	**(110)**
Effect of exchange rates	**4**	**(5)**	**4**	**3**	**(1)**
Net (Decrease) / Increase in Cash	**$ (165)**	**$ 3**	**$ 42**	**$ (120)**	**$ (330)**

Repurchased 4.318 Million Shares YTD, Executed New $1.25 Billion Credit Facility and Issued $500 Million, 3.5% 10-Year Senior Notes

* $411 million repurchase of shares in Q2 2012 includes $60 million paid under the accelerated share repurchase program for shares that will be settled at the conclusion of the program

Primary Working Capital

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

($ millions)	Q3 2012 $	Q3 2012 %	Q3 2011 $	Q3 2011 %
Receivables	1,106	23.6%	1,023	23.3%
Inventory, net	1,156	24.7%	1,077	24.6%
Payables	(516)	(11.0%)	(460)	(10.5%)
Primary Working Capital	**1,746**	**37.3%**	**1,640**	**37.4%**
Advance Cash*	(413)	(8.8%)	(370)	(8.4%)
Total	**1,333**	**28.5%**	**1,270**	**29.0%**
Backlog	**2,881**		**2,813**	

Accounts Receivable

Accounts Receivable DSO of 85 days in Q3 2012

- *Driving toward a DSO target in the mid 60's*

Inventory

Inventory turns improved to 2.7x

- *Successfully reduced targeted Q1 2012 legacy past due backlog*
- *Driving towards inventory turns goal of 4.0x to 4.5x*

Continued Management Focus on Working Capital Utilization

* Advance cash commitments from customers to fund working capital