FLOWSERVE CORPORATION

(NYSE: FLS)

Credit Suisse Global Industrials Conference

December 3, 2014

Safe Harbor Statement

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

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

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

Flowserve Overview

- **Leading manufacturer and aftermarket service provider of comprehensive flow control systems**
  - History dates back to 1790 with more than 50 well-respected brands such as Worthington, IDP, Valtek, Limitorque, Durco and Edward
  - Our pure-play flow control model focus of industry participants
- **Design, develop, manufacture and repair precision-engineered flow control equipment for customers' critical processes**
  - Portfolio includes pumps, valves, seals and support systems, automation and aftermarket services supporting global infrastructure
  - Focused on oil & gas, power, chemical, water and general industries
- **Worldwide presence with approximately 18,000 employees**
  - 69 manufacturing facilities and 176 aftermarket Quick Response Centers (QRCs) with Flowserve employees in more than 50 countries
- **Long-term relationships with leading energy customers**
  - National and international oil & gas, chemical and power companies, engineering & construction firms, and global distributors
- **Established commitment to safety, customer service, and quality with a strong ethical, compliance and performance culture**

Investment Highlights

- Focused flow control provider engaged primarily in energy infrastructure markets
- Diversified business model provides stability and foundation for earnings growth
  - Broad portfolio of distinguished brand names, with over 10,000 customers globally
  - Stable business platform due to global geographic exposure and mix of industries served
  - Combination of run-rate and large, late-cycle original equipment with recurring aftermarket
  - Substantial installed base in existing infrastructure with global aftermarket QRC network
- Emphasis on operational excellence drives margin and cash flow improvement
- Experienced, shareholder focused leadership team - ***"One Flowserve"***
- Growth pursued through customer focus, innovation, expanding capabilities and strategic investments, primarily in emerging markets
- Disciplined capital allocation with emphasis on growth and shareholder value
- Expected growth will leverage earnings power of improving operating platform

Strong expected cash flow generation focused on growth initiatives and returns to shareholders

Diversified Business Model

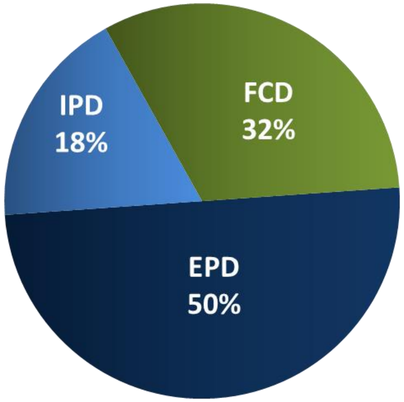
Diverse mix of products, end markets and geographies provided earnings stability through the cycle and decreases risk profile

Operating Segments

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

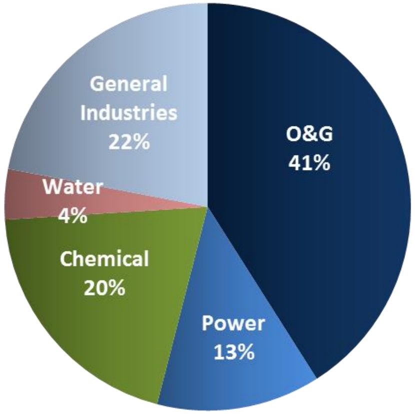
Segment Breakdown

2013 Sales - $5.0B



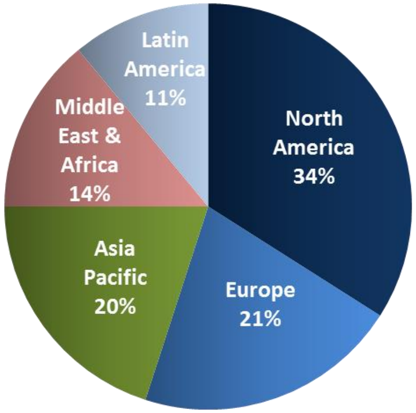
Energy-focused End Markets

2013 Bookings - $4.9B



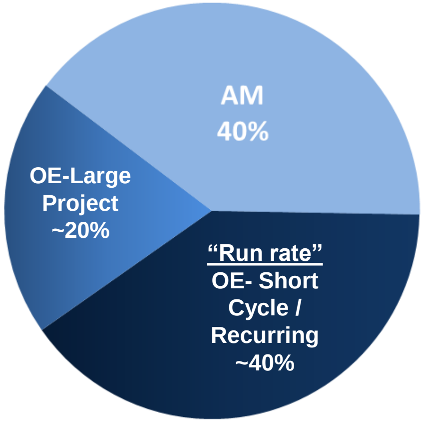
Geographic Exposure

2013 Sales



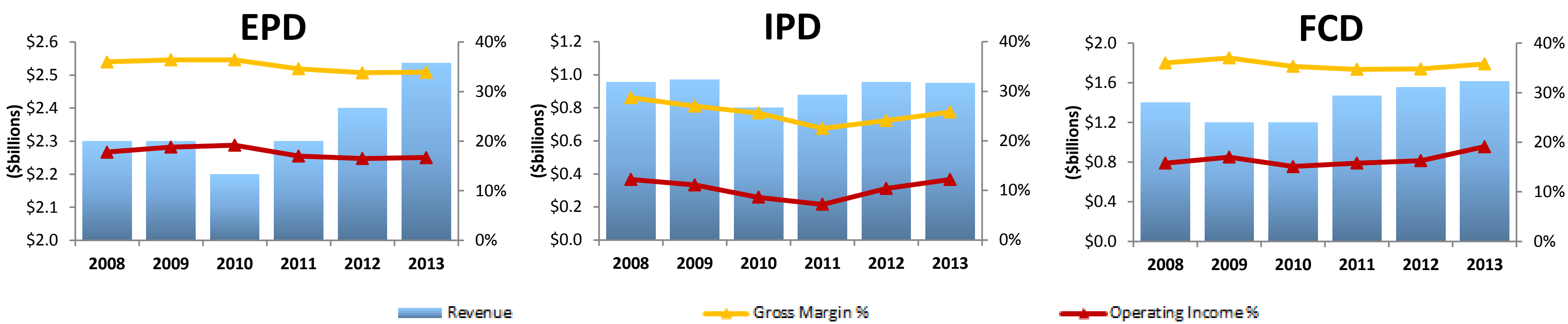
Diverse OE / AM Mix

2013 Sales



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

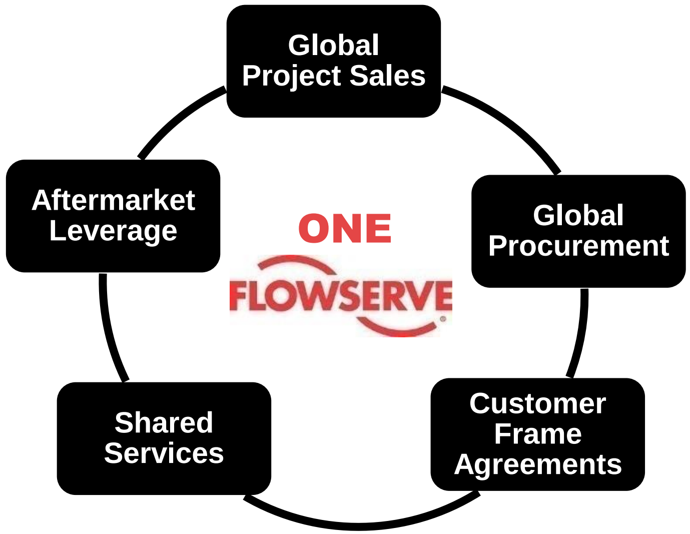
Broad Flow Control Platform



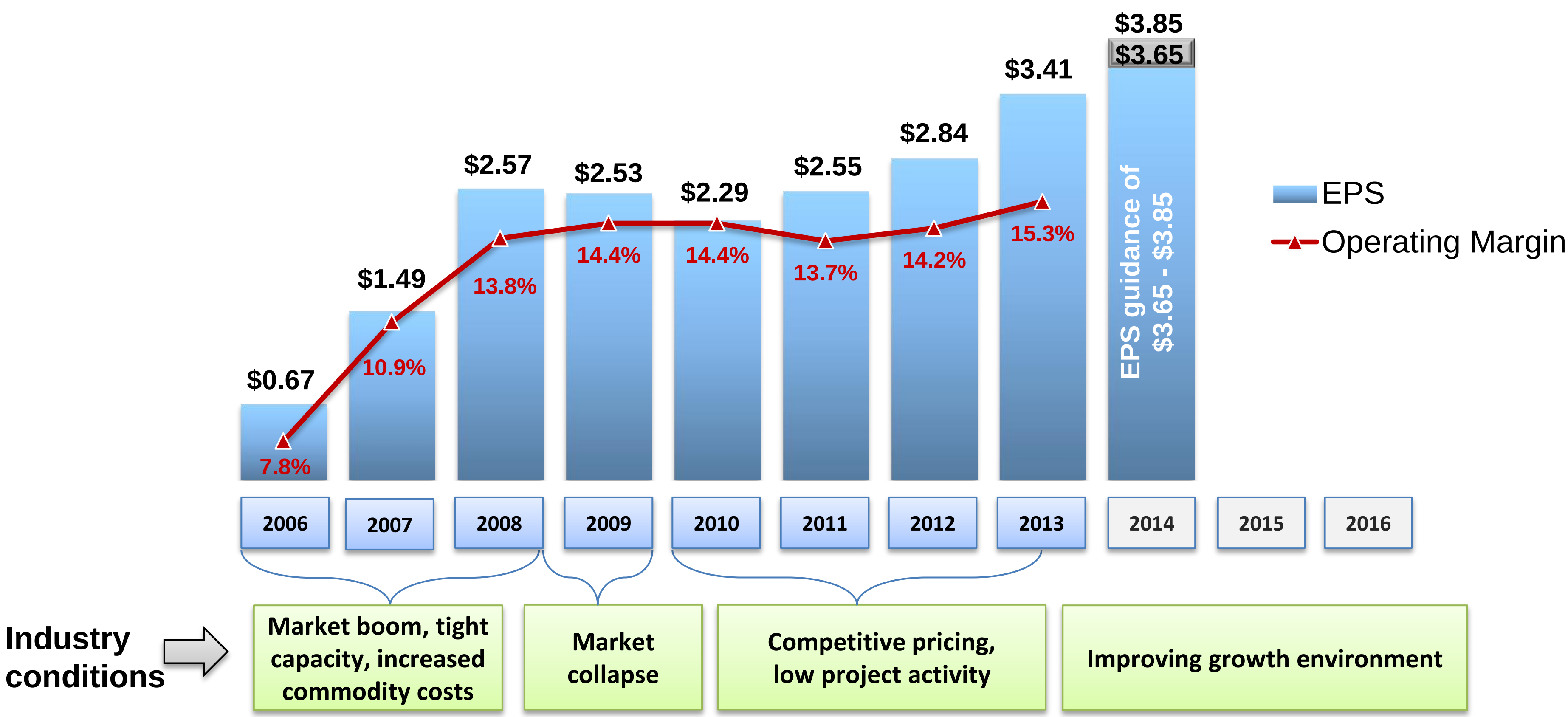
- Engineered Custom
- Late and long cycle-business
- Growing market share
- Solid aftermarket
- Direct sales to customers

- Participates in projects
- Engineered to specifications
- Focus on improving product gaps
- Improving execution
- Direct sales and distribution

- Increasing exposure to oil and gas segment
- Consistent strong execution
- Focused on growth
- Direct sales and distribution



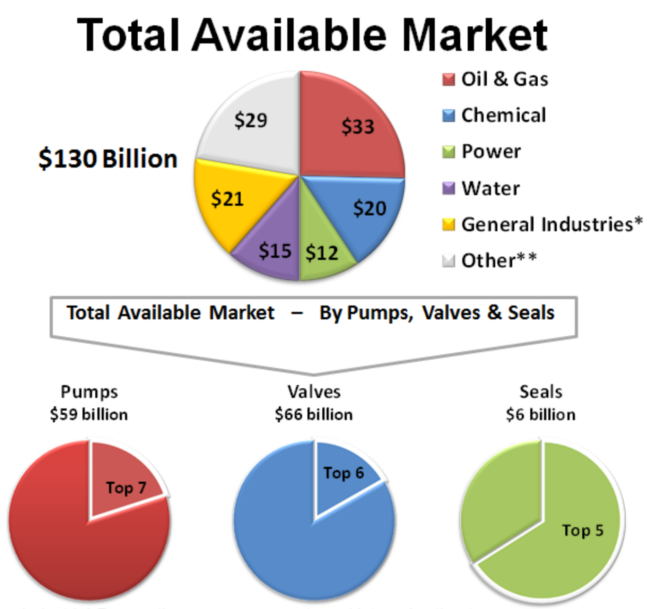
Earnings Stability Through the Cycle



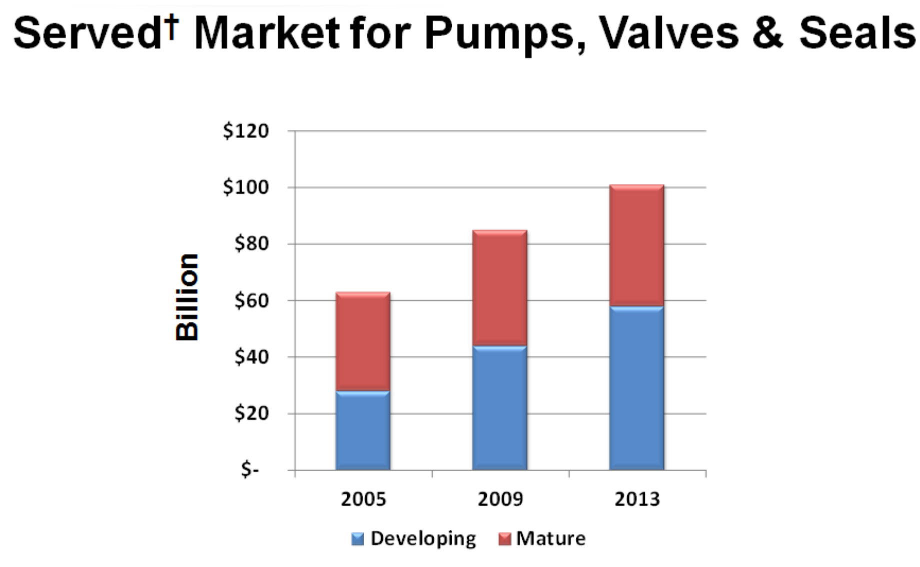
Disciplined execution of strategies and operating excellence drive earnings and cash generation for growth investments

Flowserve's Served Market

- Flowserve offers the market a broad range of flow control products
- Served markets represent ~75% of total available market
- Pump, valve & seal spend increasingly taking place in developing regions
- Developing markets accounted for nearly 60% of 2013 spend



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



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

Pumps & valves are highly fragmented with many suppliers, whereas seals is concentrated among a few competitors

Key Drivers of Growth

Energy and emerging market growth	Long-term tailwinds for our growth: • Energy demand growth • Global economic and population growth • Resurgence of large project activity
Opportunity "within four walls of Flowserve"	• Operational excellence - propensity • Customer focus / performance culture • Strategic localization / geographic expansion • Building upon our Aftermarket strength
Product Innovation	• Breakthrough products • Product line extensions • Product enhancements
Acquisitions	• Niche, bolt-on strategy – top-line synergies • Attractive segments – filling in "gaps" • Strong fit with our competitive advantages • Solid economics to drive long-term value

Resurgence of Large OE Activity Expected

JV with Technip Awarded Sasol's Louisiana ethane cracker

Fluor and JGC Joint Venture Awarded EPC Contract by Chevron Phillips Chemical for Gulf Coast Petrochemicals Project in Texas

Fluor Selected for Clean Fuels Project in Kuwait

Fluor and JGC Awarded EPC Contract for Kitimat LNG Project

CB&I Announces Contract For U.S. Ethylene Plant

CB&I and Chiyoda Awarded Contract for LNG Liquefaction and Export Facilities

CB&I Awarded Contract for LNG Liquefaction Terminal

CB&I Announces LNG Award in Australia

BECHTEL ENTERS INTO CONTRACT WITH CHENIERE FOR CORPUS CHRISTI LIQUEFACTION PROJECT

KBR Awarded Two Engineering, Procurement, and Construction Contracts for Agrium's Nitrogen Operations Facility

Jacobs Awarded Contract by Midwest Fertilizer

E&C awards for large infrastructure projects key leading indicator

Targeting Acquisitions to Leverage Competitive Advantages

Acquisition strategy seeks to pursue growth in:

- Markets/units that have “earned the right to grow”
  - High profitability and strong growth
- Attractive businesses (profitable, growing, filling “gaps”)
- Targets that fit with Flowserve competitive advantages
  - AM network, installed base, global manufacturing and sales footprint, etc.
- Targeted acquisitions are designed to be quickly accretive and meet Internal Rate of Return (IRR) targets

Recent acquisitions have reinforced our core business and markets

- Recent acquisitions at favorable multiples include auction process and relationship driven transactions

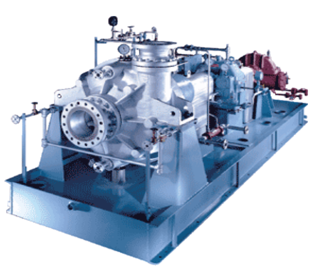
SIHI

2014 Acquisition
Cash Paid - $373M
Price/EBITDA ~10x

INNOMAG ADVANCED SEALLESS PUMPS

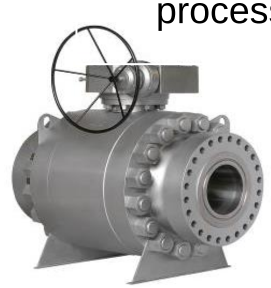
2013 Acquisition
Cash Paid - $78.7M
Price/EBITDA ~11x

Audco India JV - MM Nagar
2013 Acquisition/Divestiture
Net Cash Rec’d – $36.1M



LAWRENCE PUMPS INC.

2011 Acquisition
Cash Paid - $88.2M
Price/EBITDA – 8.8x



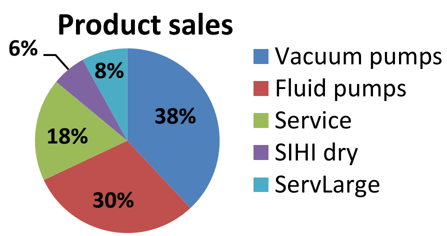
Valbart

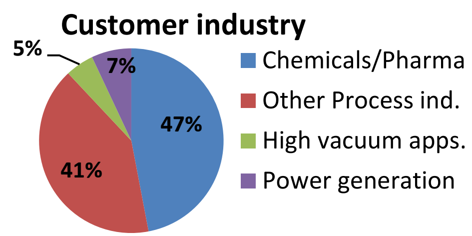
2010 Acquisition
Cash Paid - $199.4M
Price/EBITDA – 8.1x

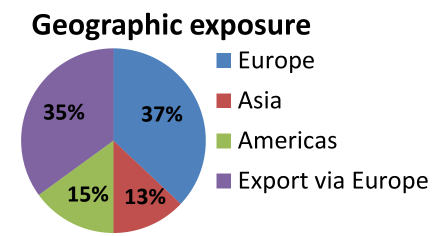
SIHI Overview

- Global pumping solution provider with innovative and customized solutions for demanding applications in the process industry
- Headquarters: Itzehoe, Germany
- Key products: Vacuum pumps, fluid pumps, ISO, ring section, side channel, end suction industrial

Products and end markets





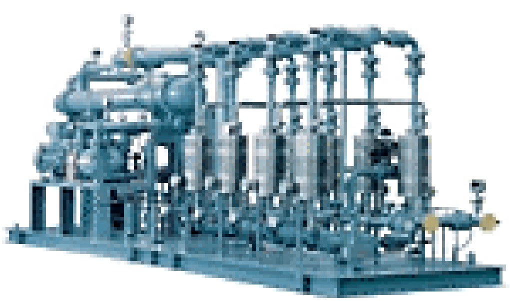


Locations and employees

- 28 Facilities: Germany (3), 1 each in Spain, Belgium, The Netherlands, US, France, Canada, Colombia, China, Thailand, with foundry in UK and 16 service centers around the world
- Employees: ~1,700

Est. 2014 key financial information

- Revenues: ~ €280M
- Gross Margin: ~ 30%
- EBITDA: ~ €30M



SIHI Exemplifies M&A Strategy

Achieving Key Strategic Objectives	Rationale for Acquisition of SIHI
Invest in markets/units that "earned the right to grow"	• Significant progress in IPD operating platform excellence • Demonstrated success in integrating past acquisitions including Lawrence Pumps and Innomag
Niche, bolt-on top line growth	• Products include high quality vacuum pumps and niche fluid pumps with little Flowserve product overlap • SIHI installed pump base provides Flowserve seal opportunities
Attractive businesses, markets and filling gaps	• Vacuum pumps are additive to Flowserve's pump portfolio • Leading provider in demanding process industry applications • High product exposure to chemical market, significantly increases Flowserve's exposure to EMA
Strong fit with our competitive advantages	• Leverage Flowserve's worldwide sales force to drive SIHI's vacuum pumps into growth regions • Large installed base supports aftermarket sales synergies
Drive long-term value	• Quickly accretive; IRR exceeds WACC • Opportunities to reinforce core business, markets and operating platform to improve profitability

SIHI acquisition supports long-term profitable growth and increased shareholder value

One Flowserve

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

Providing 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

Utilizing our technology to solve complex customer problems

Operational Excellence

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

Exceeding customer expectations on delivery and quality

Strategic Localization

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

Owning the largest network of company-owned facilities in the industry

Sustainable Business Model

Growth and margin opportunities

Global Provider of OEM & Aftermarket Services

Lead Product Operation

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

Secondary Product Operation

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

Quick Response Centers

- **Local service and repair**
- **Field engineering and technical service**
- **Root cause analysis**
- **Asset management services**
- **Hydraulic upgrade technologies**
- **Customer training**

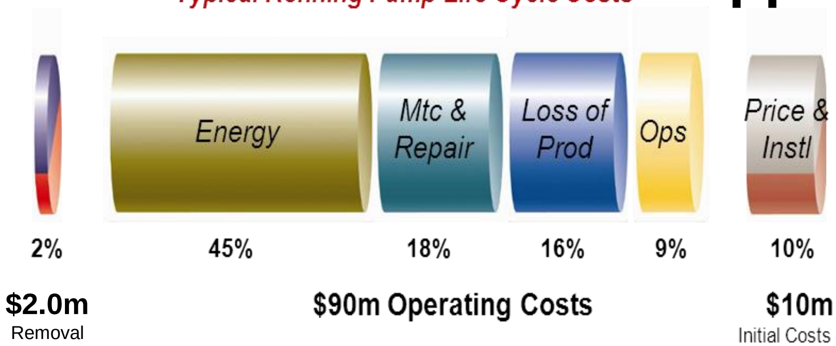
Assets	Total	NA	LA	EMA	AP
Employees*	18,500	6,345	2,005	6,630	3,520
Mfg Sites	69	20	7	29	13
QRCs**	176	58	23	50	45

* appx., includes temporary employees
** includes four shared sites

Flowserve's 245 facilities provide manufacturing and service to support customers worldwide and optimize our asset base

Proximity to Customers Provides Aftermarket Opportunities

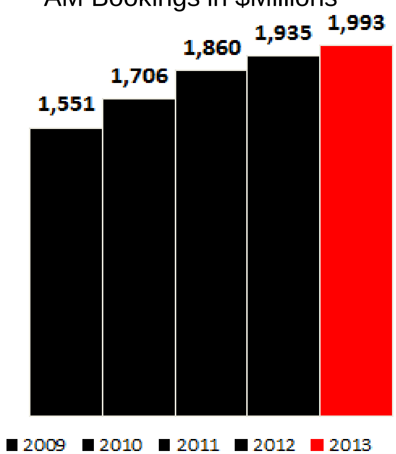
Typical Refining Pump Life Cycle Costs



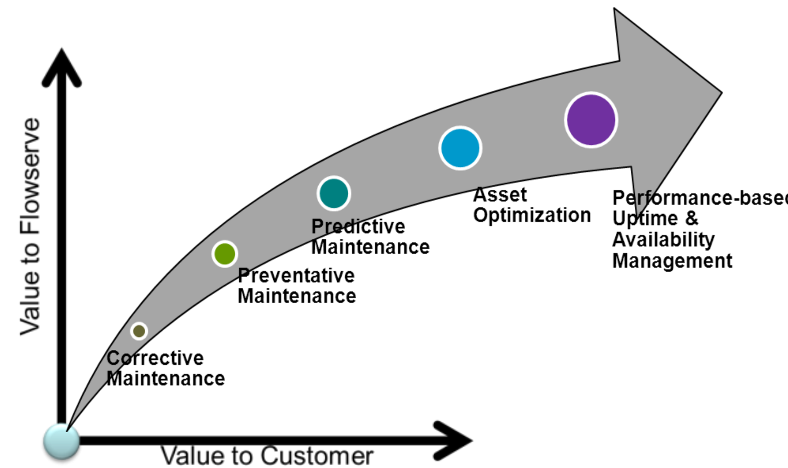
End user customers vary in maintenance philosophies

2010 – 2013 AM CAGR = 6.5%

AM Bookings in $Millions



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



FLS Services & Solutions business drives aftermarket growth

Leveraging large projects, run rate and aftermarket opportunities over the 40 to 50 year cycle

Process Improvement Continuum

Process Focus

Manufacturing Focus

- Structural
- Platforms
- Roles and Responsibilities
- Safety
- R&D Processes

- Front End Proposals
- Product Management
- Project Management
- COPQ
- World Class Sourcing
- OTD
- Standardization

- Capacity Balance
- Best Practice Identification and sharing
- Benchmarking
- Load leveling
- Capex reuse and deployment
- Behavior based training
- Energy savings through facility enhancements

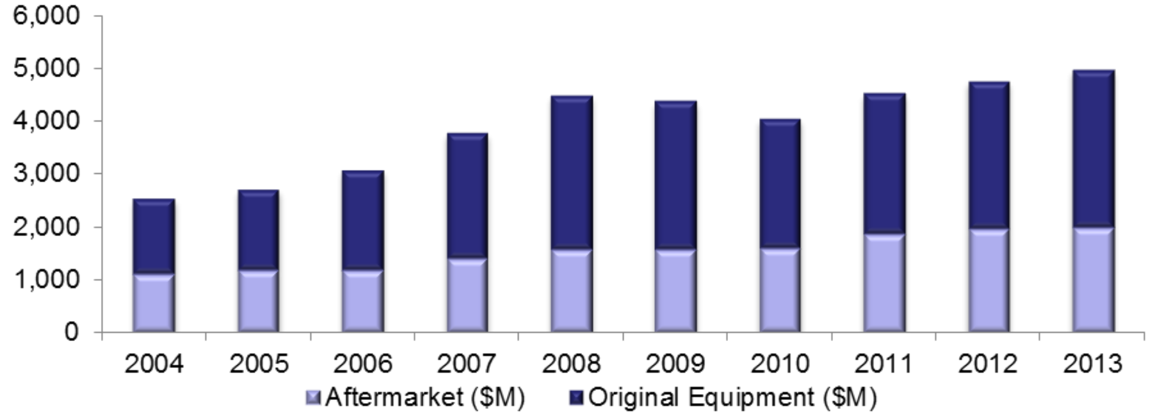
- Product Bundling
- Supply Chain Alliances
- Consortium Agreements with other product suppliers
- Increased Asset Management Services
- Shared Services and Optimization
- Facility Consolidation

2012 2014 2018

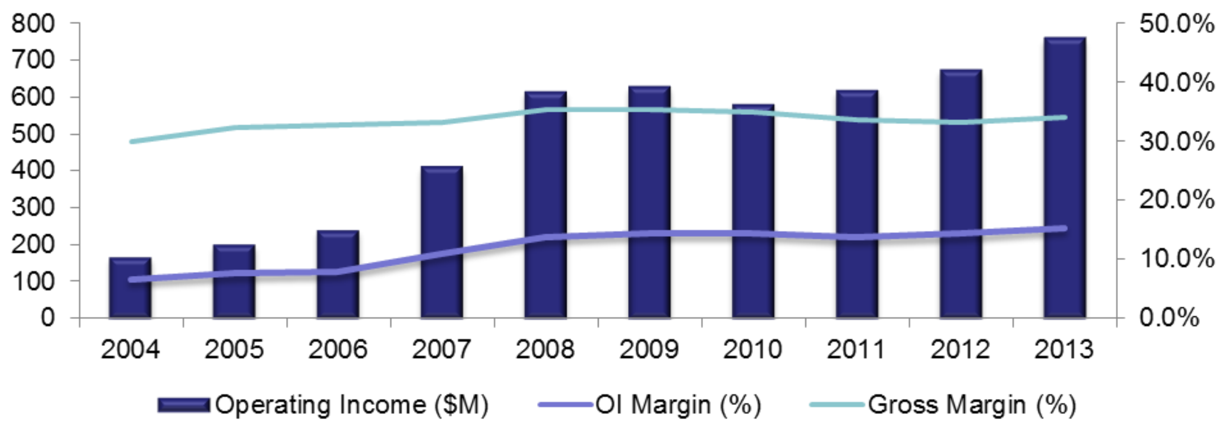
Expanding CIP throughout the business

Strong Annual Financial Performance

Sales

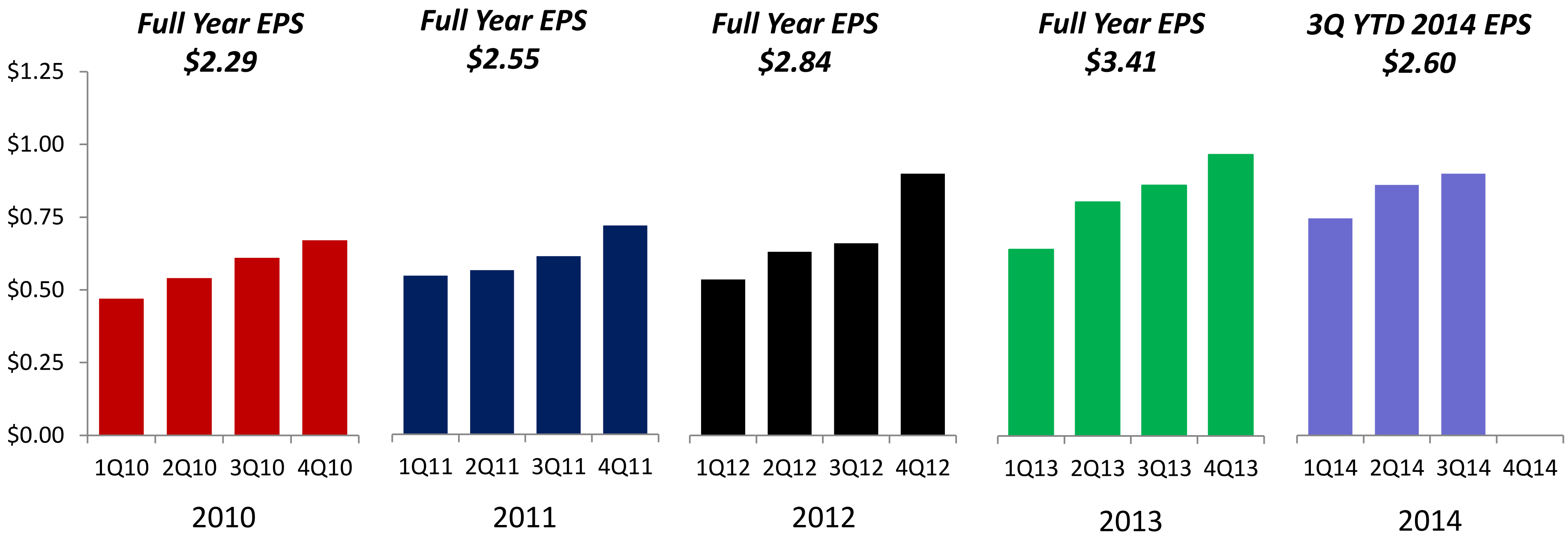


Operating Results



EPS Seasonally Second-Half Weighted

(Quarterly EPS - diluted)

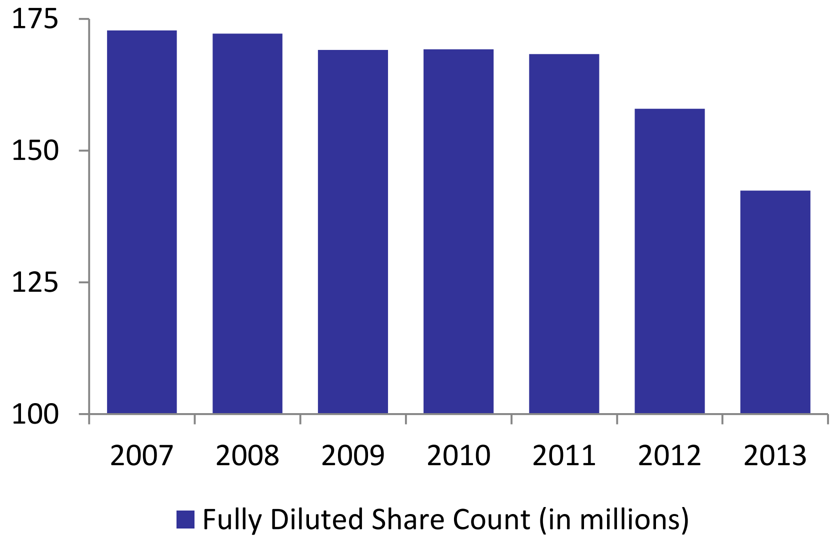


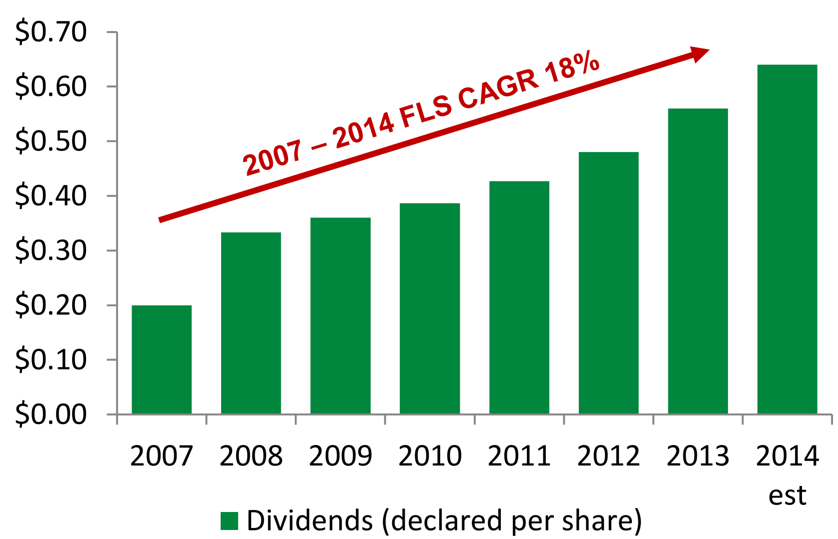
Earnings continue to be seasonal, expect over 80% of full-year 2014 target range will be generated during final three quarters of the year

Note: EPS adjusted to reflect 3-for-1 stock split effective June 21, 2013

Consistent Returns to Shareholders

- Total diluted share count has been reduced by nearly 16% since 2005
- Cumulative annual declared dividends increased 220% to the anticipated $0.64 per share in 2014 from $0.20 per share in 2007





Note: Dividends and share count adjusted to reflect 3-for-1 stock split effective June 21, 2013

Long-Term Capital Deployment Plan

- Capital deployment priorities will continue to focus on accretive investments to maximize the operating platform and total shareholder return
- From 2009-2013, Flowserve generated $1.4 billion in free cash flow and $626 million of net incremental debt
- In the current 5-Year plan, forecast assumes continued strong cash generation and incremental net debt of $750 - $900 million to maintain the mid-range of leverage target

Planed Cash Deployment	2014 - 2018
Share Repurchases & Dividends	40% - 50% of average two-year net earnings
Capital Expenditures	~ $700 - $800 million
Pension Contribution	~ $140 - $160 million
Growth Investments	In excess of $2 billion

[1] Includes borrowing capacity to maintain mid point of our stated total debt to EBITDA leverage target

Growth is a heightened priority through 2018

Financial Commitments Made and Delivered

Commitment	Result	Status
Revenue Growth Rate • 2013 guidance growth rate of 4% - 6%, • Long-term revenue CAGR of 8-10%	• Delivered an increase of 4.3% or 5% on constant currency basis in 2013 • On track; 7.4% CAGR since 2010 with limited acquisition activity	
SG&A • Long-term SG&A to sales target of 18%	• Continue to make progress in improving SG&A leverage and cost containment. Ended 2013 at 19.5%, an improvement of 80 bps since 2011	
Operating Margin Improvement • Improve 150-250 bps from 2011 levels by end of 2014	• At year end 2013, have delivered a 160 bps improvement from 2011 levels, achieving the lower end of the range with a year remaining for further improvement	
IPD Margin Improvement • Improve operating margin to 14% - 15% by end of 2015	• Operating margin improvement remains on track at 12.2%, with 180 bps improvement in 2013 and 500 bps since 2011	
Working Capital Improvement • Achieve DSO in the mid 60s and inventory turns of 4.0x to 4.5x	• Despite increased sales in emerging markets, we made progress with DSO at 75 days at year-end 2013 and improved inventory turn by over three-tenth of a turn to 3.5x	
Shareholder Return • Returning 40% - 50% of 2-year average net earnings to shareholders annually	• Returned $1.4 billion through share repurchases and dividends since 2012	
Leverage Ratio • A long-term target gross leverage ratio of 1.0x-2.0x total debt to EBITDA	• Ended 2013 with a leverage ratio of 1.4x, with 10-Year Senior Note offerings of $500 million in September 2012 and $300 million in November 2013	

Continue to deliver on our commitments

2014 Outlook

2014 EPS [1]	$3.65 – $3.85
Revenue Growth (Constant Currency)[2]	Essentially Flat
Tax Rate	~30%
Capital Expenditures	$150 – $160 M
Pension Contributions	$30 – $35 M
Scheduled Debt Reduction	$40 M
Longer Term Guidance:	
Operating Margin Improvement (from 2011 levels)	150 – 250 bps
SG&A as a Percent of Sales	18%

[1] Narrowed range as of October 24, 2014 from$3.65-$4.00; Similar to recent years, 2014 earnings are expected to be second half weighted
[2] Expect 2014 full year revenue growth to be essentially flat on a constant currency basis. Excludes potential impact of acquisition or divesture activity that may arise

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APPENDIX

Substantial OE Opportunities from New Infrastructure

Refinery - 300,000 bpd
$60m - $100m

Nuclear Power - 1700 MW
$60m - $80m

Coal Power Station - 600MW
$30m - $40m

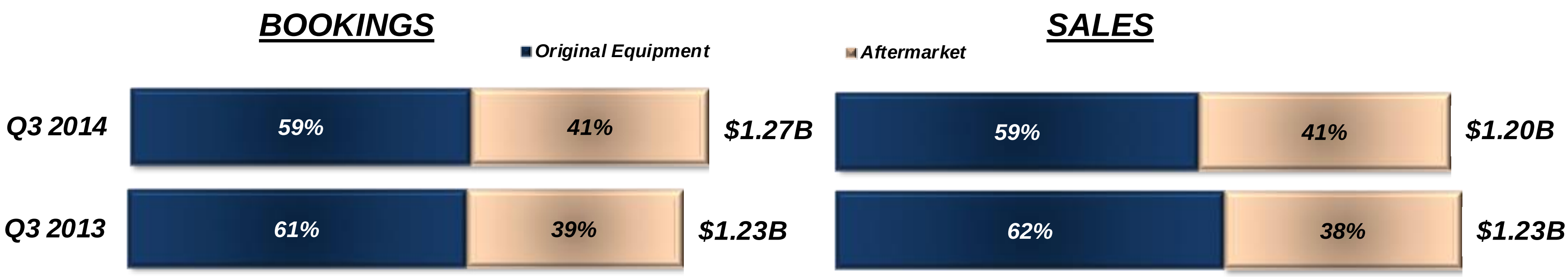
Solar Power Station - 250 MW
$20m - $25m

Combined Cycle Power - 650 MW
$10m - $15m

Global Infrastructure build drives project growth and installed aftermarket base

FLOWSERVE

Q3 2013 – Consolidated Bookings & Sales



Bookings

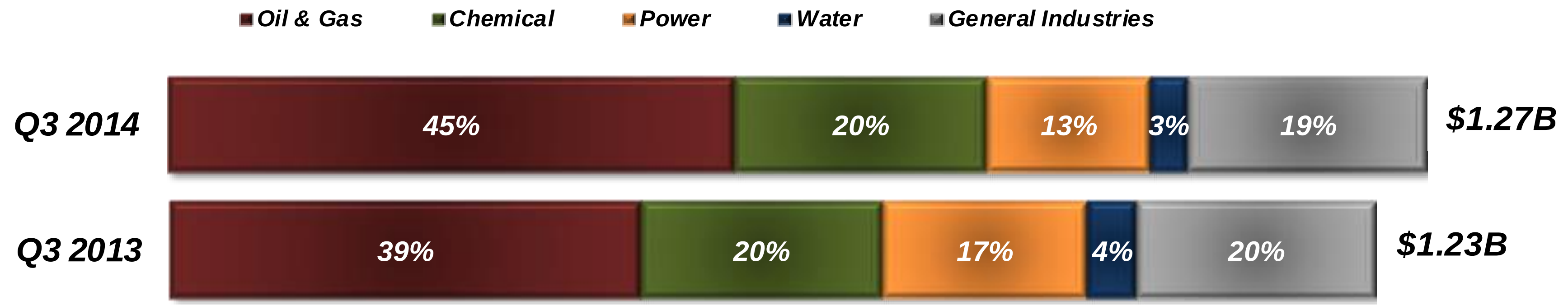
- Bookings in Q3 2014 increased 3.7%, or 5.0% on a constant currency basis, driven primarily by strength in the oil and gas and general industries
  - Aftermarket bookings increased 8.1% year-over-year, or 9.4% on a constant currency basis

Sales

- Sales in Q3 2014 decreased 2.0%, or 0.7% on a constant currency basis, driven primarily by customer directed delays, foreign currency headwinds and the impact of the sale of the Naval business in the first quarter 2014

Sources: Flowserve Internal Data

Q3 2014 Bookings & Industry Outlook



OIL & GAS

- ✓ *Oil & gas investment remained strong; ongoing signs of increased discipline in some upstream capital expenditures*
- ✓ *Geopolitical conflicts in key energy producing regions cause uncertainties; potential to drive capital deployment toward stable countries*
- ✓ *New refining capacity additions in Middle East and other developing economies; clean fuels initiatives also prompt spending*

POWER

- ✓ *Fossil fuel power investment in Europe driven by favorable economics and the region's partial retreat away from nuclear power generation*
- ✓ *China accounts for the largest share of new nuclear opportunities; U.S. nuclear fleet may benefit from newly proposed carbon emissions policy*
- ✓ *Middle East & North Africa planning to develop significant solar power capacity to diversify its power mix*

CHEMICAL

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

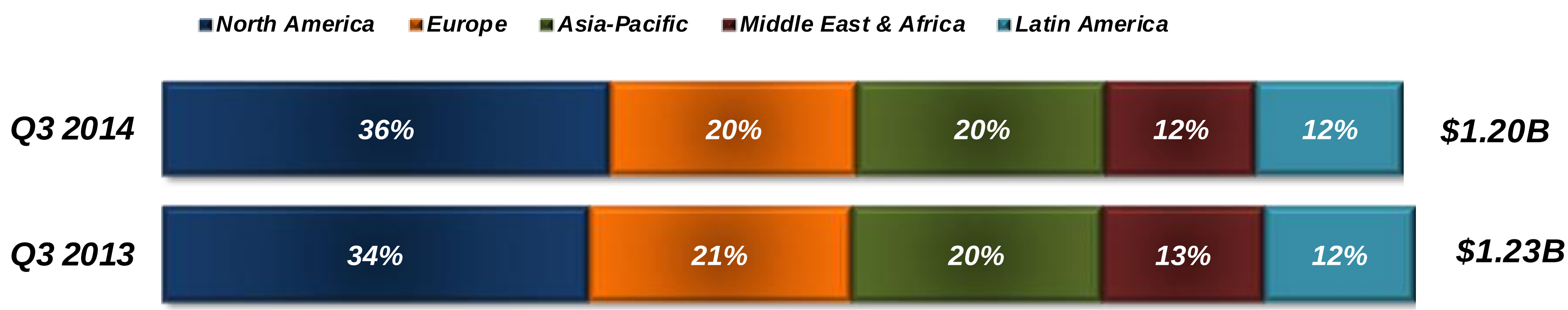
GENERAL INDUSTRIES

- ✓ *Mining down cycle continues; pockets of opportunity exist and fundamental growth drivers persist for the long-term*
- ✓ *Good levels of business activity through distribution channels to general industries*

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

FLOWSERVE

Q3 2014 Sales & Regional Outlook



NORTH AMERICA

- ✓ *Continued opportunities in North American unconventional resources across the upstream, midstream and downstream*
- ✓ *Strong momentum in petrochemicals with additional project announcements, EPC awards and equipment orders*
- ✓ *Power market in flux due to pending environmental regulations and changing economics of power generation technologies*

EUROPE

- ✓ *Gradual recovery taking hold but conditions fragile given geopolitical tensions in Eastern Europe and Russia*
- ✓ *Refining and chemical in Western Europe squeezed by Middle East, U.S. and Asia Pacific capacity additions*

MIDDLE EAST & AFRICA

- ✓ *Good oil & gas activity throughout the upstream, midstream and downstream segments, particularly in the Persian Gulf and West Africa*
- ✓ *Favorable growth outlook overall but regional risks may weigh on prospects*

ASIA-PACIFIC

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

LATIN AMERICA

- ✓ *Both Brazil deep water oil & gas and Mexico's proposed energy reforms promising for growth in the region*
- ✓ *Latin America a key mining market, particularly for copper; industry spending on projects restrained*

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

FLOWSERVE

Q3 2014 - Consolidated Financial Results

	3rd Quarter					Year to Date				
($ millions)	2014	2013	Delta ($)	Delta (%)	Constant FX (%)*	2014	2013	Delta ($)	Delta (%)	Constant FX (%)*
Bookings	$ 1,274.8	$ 1,229.8	$ 45.0	3.7%	5.0%	$ 3,851.4	$ 3,635.4	$ 216.0	5.9%	7.1%
Sales	$ 1,204.0	$ 1,229.1	$ (25.1)	(2.0)%	(0.7)%	$ 3,496.5	$ 3,565.2	$ (68.7)	(1.9)%	(1.2)%
Gross Profit	$ 421.5	$ 422.7	$ (1.2)	(0.3)%		$ 1,228.9	$ 1,217.6	$ 11.3	0.9%	
Gross Margin (%)	35.0%	34.4%		60 bps		35.1%	34.2%		90 bps	
SG&A	$ 230.9	$ 231.6	$ (0.7)	(0.3)%	0.6%	$ 685.3	$ 706.3	$ (21.0)	(3.0)%	(2.5)%
SG&A (%)	19.2%	18.8%		40 bps		19.6%	19.8%		(20 bps)	
Income from Affiliates	$ 1.8	$ 2.2	$ (0.4)	(18.2)%		$ 7.4	$ 36.0	$ (28.6)	(79.4)%	
Operating Income	$ 192.4	$ 193.4	$ (1.0)	(0.5)%	1.0%	$ 551.1	$ 547.4	$ 3.7	0.7%	1.8%
Operating Margin (%)	16.0%	15.7%		30 bps		15.8%	15.4%		40 bps	
Other Income / (Expense), net **	$ 5.6	$ 1.7	$ 3.9	229.4%		$ (1.1)	$ (8.7)	$ 7.6	(87.4)%	
Tax Expense	$ 52.7	$ 55.9	$ (3.2)	(5.7)%		$ 141.5	$ 155.0	$ (13.5)	(8.7)%	
Net Earnings	$ 128.6	$ 126.3	$ 2.3	1.8%		$ 359.8	$ 344.4	$ 15.4	4.5%	
Diluted EPS	$ 0.93	$ 0.90	$ 0.03	3.3%		$ 2.60	$ 2.41	$ 0.19	7.9%	

- Diluted EPS calculated using fully diluted shares of 137.5 million and 141.1 million shares in Q3 2014 and Q3 2013, respectively
- Flowserve repurchased 475,177 and 1,115,276 shares in Q3 2014 and Q3 2013, respectively
* Constant FX represents the year-over-year variance assuming 2014 results at 2013 FX rates
** YTD 2014 includes $0.3 million impact of losses arising from transactions in currencies other than our sites' functional currencies and impact of foreign exchange contracts vs. a loss of $8.5 million YTD 2013

FLOWSERVE

Q3 2014 Cash Flows

	Q3	Q2	Q1	YTD	
($ millions)	**2014**	**2014**	**2014**	**2014**	**2013**
Net Income	$ 130	125	$ 109	$ 364	$ 346
Depreciation and amortization	27	29	27	83	79
Change in working capital	(6)	(90)	(207)	(303)	(286)
Other	(14)	10	(14)	(18)	(30)
Total Operating Activities	**137**	**74**	**(85)**	**126**	**109**
Capital expenditures	(30)	(22)	(32)	(84)	(95)
Dispositions, acquisitions and other	1	1	47	49	37
Total Investing Activities	**(29)**	**(21)**	**15**	**(35)**	**(58)**
Payments on long-term debt	(10)	(10)	(10)	(30)	(15)
Dividends	(22)	(22)	(19)	(63)	(57)
Short-term financing and other, net	(11)	4	10	3	205
Repurchase of common shares	(35)	(43)	(110)	(188)	(370)
Total Financing Activities	**(78)**	**(71)**	**(129)**	**(278)**	**(237)**
Effect of exchange rates	**(11)**	**(2)**	**(1)**	**(14)**	**(5)**
Net Increase / (Decrease) in Cash	**$ 19**	**$ (21)**	**$ (199)**	**$ (201)**	**$ (191)**

Flexibility to follow announced policy to annually return 40-50% of average trailing two-year net earnings to shareholders while supporting strategic initiatives to grow the business