Flowserve 2010 Earnings Conference Call

February 24, 2011

Experience In Motion

Special Note

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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; our dependence on our customers' ability to make required capital investment and maintenance expenditures; 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; 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 petroleum, chemical, power and water industries; the adverse impact of volatile raw materials prices on our products and operating margins; our ability to execute and realize the expected financial benefits from our strategic realignment initiatives; economic, political and other risks associated with our international operations, including military actions or trade embargoes that could affect customer markets, particularly Middle Eastern markets and global petroleum 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 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 intangibles; 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.

2010 Results

Financial Results

- Bookings of $4.23 billion, up 8.8% versus prior year, or 9.2% excluding impact of currency
  - Year-end backlog of $2.59 billion, up 9.4% versus prior year, or 11.6% excluding impact of currency
- Reported EPS of $6.88, down 9.4% versus prior year reported EPS of $7.59
  - Adjusted EPS of $7.12 down 15.9% versus prior year adjusted EPS of $8.47
- Reported operating margin of 14.4%, equal to prior year reported operating margin
  - Adjusted operating margin of 15.3% excluding the impact of realignment and Valbart
  - Largely offset price / volume headwind through pricing discipline, realignment savings, and cost management

Executed Strategy in 2010

- Formed EPD and IPD divisions to align with market and customer needs
- Continued to invest in growth markets and operating platform optimization
- Acquired Valbart to address key product gap in growing oil & gas segment
- Aftermarket business remained solid in 2010
- Drove cost culture

Looking Forward - 2011

- Long cycle business conditions were choppy and competitive in 2010 and should continue to be into 2011
  - Second half 2010 margins down as favorable pricing in backlog from prior years converted to sales in first half of year
- Short cycle business volumes began to improve in chemical and general industrial markets in emerging markets in the second half of 2010
- First half of 2011 results are expected to be impacted by lower margins in long cycle backlog at the end of 2010 as compared to long cycle backlog entering the first half of 2010
  - The first half of 2011 earnings are expected to be more challenging than the second half of 2011
  - Particular Q1 2011 pressure from planned realignment expenses and forecasted remaining dilutive effects of the Valbart acquisition
- Monitoring developments in the Middle East and North Africa

Market Dynamics

2011 – 2015 Market outlook

- Oil and Gas
  - World oil production is expected to see growth in both onshore and offshore demand
  - Increasing investments in complex recovery, shale gas, and LNG
  - Infrastructure growth in developing markets
- Power
  - Favorable outlook based on projected increases in demand to support industrialization, population growth, and urbanization
  - Nuclear expansion in India and China, and nuclear life extensions and updates in U.S.
- Chemical
  - Rapid buildup of petrochemical production in Middle East and coal-based chemicals in China
  - Agriculture demand rising
- Water
  - Continued need for access to clean water, plus desalination growth tied to power demand
- General Industrial
  - Favorable outlook based on population growth and consumer demand recovery

Capturing Growth

We are well positioned to capture growth from global trends

- Continuing to make significant investments in emerging markets and aftermarket capabilities
  - ISG
  - Capacity to emerging markets
  - People
- Continuing to expand breadth of product offerings and advanced technology capabilities through innovation, product development, and acquisitions
- Continuing to respond to changing customer needs through customer intimacy
- Maintaining strong, flexible balance sheet to support investment for growth and cash deployment

Q4 & Full Year 2010 – Consolidated Financial Results

($ millions)	4th Quarter 2009	4th Quarter 2010	4th Quarter Delta ($)	4th Quarter Delta (%)	4th Quarter Constant FX (%)**	Full Year 2009	Full Year 2010	Full Year Delta ($)	Full Year Delta (%)	Full Year Constant FX (%)**
Bookings	$ 938.9	$ 1,031.1	$ 92.2	9.8%	12.7%	$ 3,885.3	$ 4,228.9	$ 343.6	8.8%	9.2%
Backlog	$ 2,371.2	$ 2,594.7	$ 223.5	9.4%		$ 2,371.2	$ 2,594.7	$ 223.5	9.4%	
Sales	$ 1,199.1	$ 1,140.4	$ (58.7)	(4.9%)	(2.1%)	$ 4,365.3	$ 4,032.0	$ (333.3)	(7.6%)	(6.9%)
Gross Profit	$ 408.8	$ 384.5	$ (24.3)	(5.9%)		$ 1,548.1	$ 1,409.7	$ (138.4)	(8.9%)	
Gross Margin (%)	34.1%	33.7%		(40 bps)		35.5%	35.0%		(50 bps)	
SG&A	$ 250.5	$ 224.7	$ (25.8)	(10.3%)	(8.7%)	$ 934.5	$ 845.0	$ (89.5)	(9.6%)	(9.4%)
SG&A (%)	20.9%	19.7%		(120 bps)		21.4%	21.0%		(40 bps)	
Income from Affiliates	$ 4.1	$ 4.1	$ -	0.0%		$ 15.8	$ 16.6	$ 0.8	5.1%	
Operating Income	$ 162.4	$ 164.0	$ 1.6	1.0%	3.4%	$ 629.5	$ 581.4	$ (48.1)	(7.6%)	(7.0%)
Operating Margin (%)	13.5%	14.4%		90 bps		14.4%	14.4%		0 bps	
Adjusted Operating Income*	$ 197.3	$ 172.1	$ (25.2)	(12.8%)		$ 697.6	$ 599.7	$ (97.9)	(14.0%)	
Adjusted Operating Margin (%)*	16.5%	15.1%		(140 bps)		16.0%	14.9%		(110 bps)	
Other / Income (Expense), net	$ (5.6)	$ (3.1)	$ 4.1	73.2%		$ (8.0)	$ (18.3)	$ (10.3)	(128.8%)	
Tax Expense	$ 37.9	$ 40.5	$ 2.6	6.9%		$ 156.5	$ 141.6	$ (14.9)	(9.5%)	
Net Earnings	$ 110.3	$ 112.4	$ 2.1	1.9%		$ 427.9	$ 388.3	$ (39.6)	(9.3%)	
Diluted EPS	$ 1.96	$ 2.00	$ 0.04	2.0%		$ 7.59	$ 6.88	$ (0.71)	(9.4%)	
Adjusted EPS*	$ 2.41	$ 2.11	$ (0.30)	(12.4%)		$ 8.47	$ 7.12	$ (1.35)	(15.9%)	

- As of 12/31/10, 2.7 million shares (450,000 FY 2010) had been repurchased in conjunction with the company's previously announced $300 million buyback program

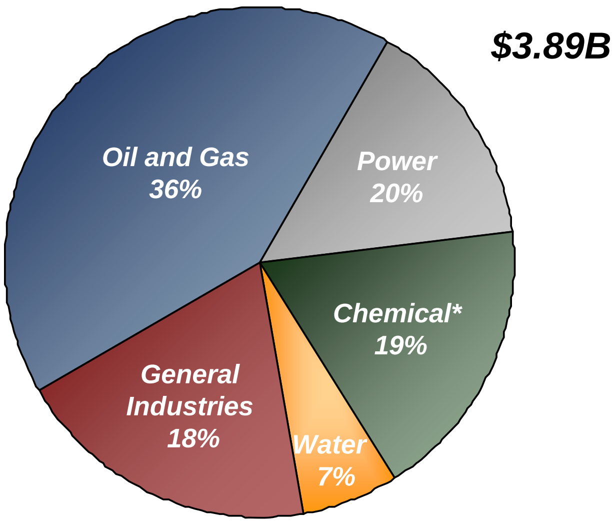
** Adjusted operating income and adjusted EPS exclude realignment charges of $34.9 million & $8.1 million for Q4 2009 and Q4 2010, respectively. Adjusted operating income and adjusted EPS exclude realignment charges of $68.1 million & $18.3 million for 2009 and 2010, respectively.*

*** Constant FX represents the year over year variance assuming 2010 results at 2009 FX rates*

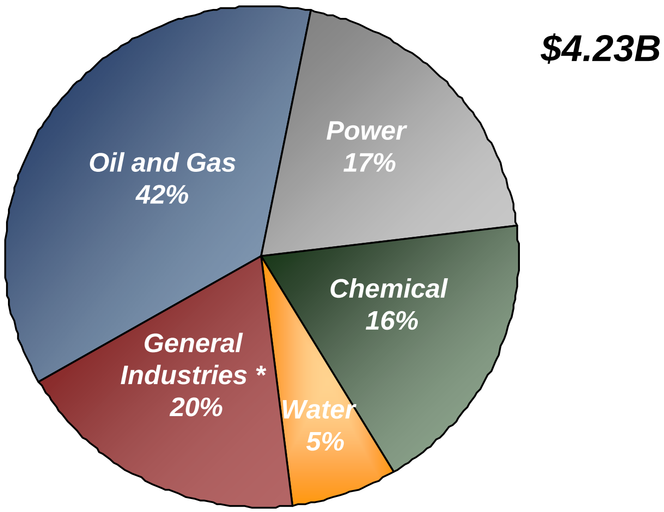
Growth in bookings and backlog in 2010 should drive growth in 2011

Flowserve Markets – Bookings

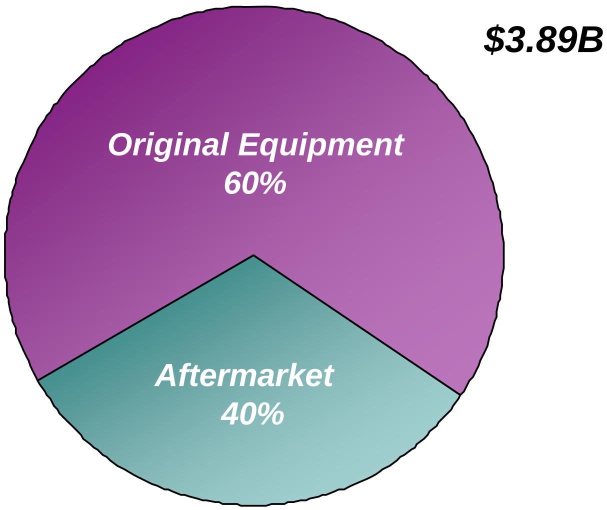
2009 Bookings by Industry



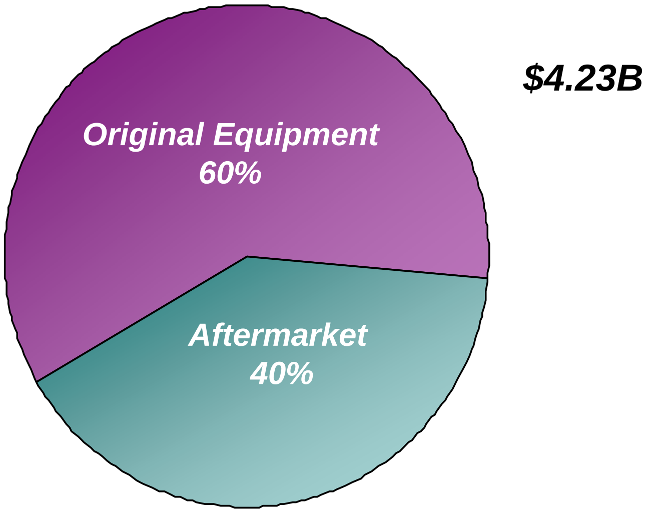
2010 Bookings by Industry



2009 Bookings Mix



2010 Bookings Mix

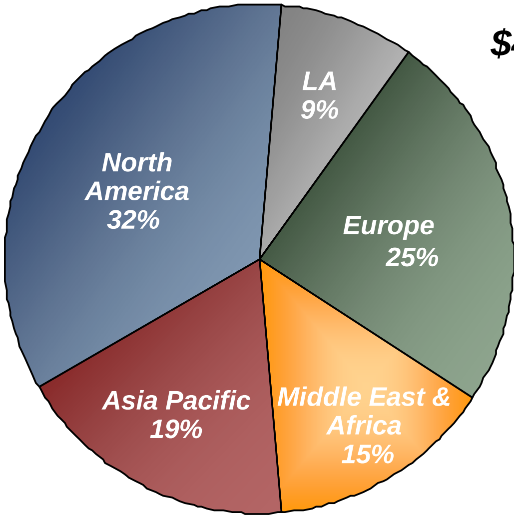


* Percentage includes pharmaceuticals

Flowserve Markets – Sales

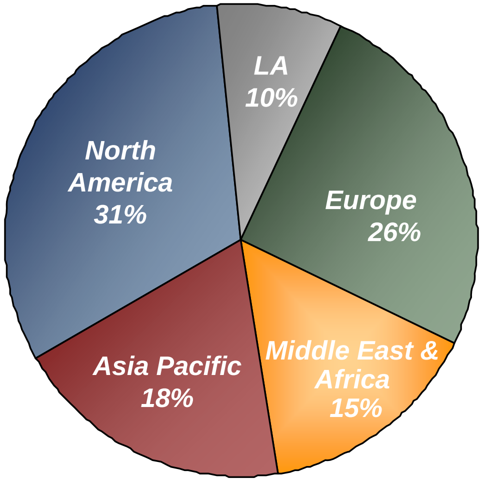
2009 Sales by Region

$4.37B



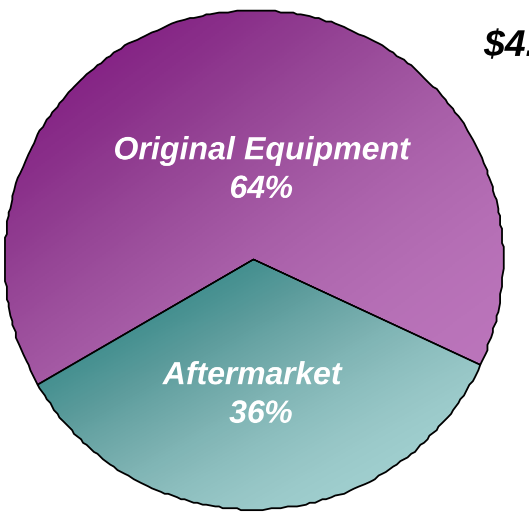
2010 Sales by Region

$4.03B



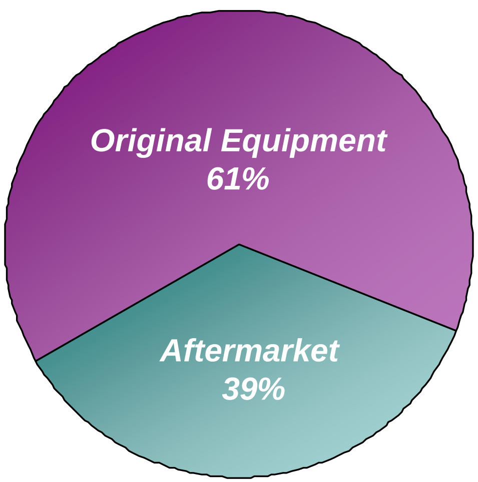
2009 Sales Mix

$4.37B



2010 Sales Mix

$4.03B



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Quarterly & Full Year 2010 Cash Flows

($ millions)	Q1	Q2	Q3	Q4	Full Year	
	2010	2010	2010	2010	2009	2010
Net income	80	92	104	113	428	389
Depreciation and amortization	25	24	26	30	98	105
Change in working capital	(268)	(25)	(85)	216	(65)	(162)
Other	14	5	(9)	14	(30)	24
Total Operating Activities	**(149)**	**96**	**36**	**373**	**431**	**356**
Capital expenditures	(15)	(10)	(21)	(56)	(108)	(102)
Acquisition and other	8	-	(197)	4	(31)	(185)
Total Investing Activities	**(7)**	**(10)**	**(218)**	**(52)**	**(139)**	**(287)**
Net debt proceeds (payments) and other	9	1	(3)	(46)	(10)	(39)
Dividends	(15)	(16)	(16)	(17)	(59)	(64)
Repurchase of common shares	(12)	(11)	(11)	(12)	(41)	(46)
Proceeds from stock option activity	5	-	1	-	3	6
Total Financing Activities	**(13)**	**(26)**	**(29)**	**(75)**	**(107)**	**(143)**
Effect of exchange rates	**(17)**	**(25)**	**18**	**1**	**(3)**	**(23)**
Net Increase (Decrease) in Cash	**(186)**	**35**	**(193)**	**247**	**182**	**(97)**

Strong cash flow resulted in cash balances exceeding debt at end of 2010

Selected Uses of Cash

($ millions)	2006	2007	2008	2009	2010
Capital Expenditures	73.5	89.0	126.9	108.4	102.0
Share Repos/Dividends	63.2	70.5	216.4	100.2	109.6
US Pension Funding	36.3	16.1	50.8	83.1	33.4
Debt Repayment*	105.3	2.8	5.7	5.7	44.0
A/R Factoring/Securitization	(23.0)	5.2	63.9	-	-
Net Acquisitions / (Divestitures)	4.3	(11.1)	(7.3)	30.2	188.4
Realignment	6.6	-	-	22.4	31.8
Total	**266.2**	**172.5**	**456.4**	**350.0**	**509.2**
Cash Balance	**67.0**	**373.2**	**472.1**	**654.3**	**557.6**

** Includes scheduled, mandatory and optional debt repayments*

Used cash to grow business, strengthen balance sheet, and enhance returns

Realignment Overview

- Initial program announced in early 2009 designed to reduce and optimize certain non-strategic manufacturing facilities and overall cost structure
- Expanded program announced in October 2009 designed to expand efforts to seek synergies in customer facing activities and project pursuit and to reduce overall cost structure, including additional efforts to optimize assets
- Both programs substantially complete
  - Incurred costs of $68.1M and achieved savings of $33M in 2009
  - Incurred costs of $18.3M and achieved incremental additional savings of $60M in 2010
  - Expected total costs of $91M, including $5M in 2011
  - Expected annual run-rate savings of $115M to be achieved in 2011, the majority of which will be structural

Realignment should provide a more efficient platform to be leveraged in future periods

Engineered Product Division
Q4 & Full Year 2010 Segment Results

($ millions)	4th Quarter 2009	4th Quarter 2010	4th Quarter Delta ($)	4th Quarter Delta (%)	4th Quarter Constant FX (%)**	Full Year 2009	Full Year 2010	Full Year Delta ($)	Full Year Delta (%)	Full Year Constant FX (%)**
Bookings	$ 468.1	$ 525.6	$ 57.5	12.3%	14.2%	$ 1,976.0	$ 2,242.0	$ 266.0	13.5%	12.8%
Sales	$ 656.1	$ 585.1	$ (71.0)	(10.8%)	(8.7%)	$ 2,316.3	$ 2,152.7	$ (163.6)	(7.1%)	(6.9%)
Gross Profit	$ 224.3	$ 207.8	$ (16.5)	(7.4%)		$ 843.5	$ 782.9	$ (60.6)	(7.2%)	
Gross Margin (%)	34.2%	35.5%		130 bps		36.4%	36.4%		0 bps	
SG&A	$ 117.4	$ 99.9	$ (17.5)	(14.9%)	(14.1%)	$ 419.7	$ 383.7	$ (36.0)	(8.6%)	(7.9%)
SG&A (%)	17.9%	17.1%		(80 bps)		18.1%	17.8%		(30 bps)	
Income from Affiliates	$ 3.6	$ 3.3	$ (0.3)	(8.3%)		$ 11.0	$ 13.4	$ 2.4	21.8%	
Operating Income	$ 110.4	$ 111.2	$ 0.8	0.7%	2.5%	$ 434.8	$ 412.6	$ (22.2)	(5.1%)	(5.1%)
Operating Margin (%)	16.8%	19.0%		220 bps		18.8%	19.2%		40 bps	
Adjusted Operating Income*	$ 134.5	$ 112.4	$ (22.1)	(16.4%)		$ 477.2	$ 414.3	$ (62.9)	(13.2%)	
Adjusted Operating Margin (%)*	20.5%	19.2%		(130 bps)		20.6%	19.2%		(140 bps)	

Strong bookings growth as markets improved in 2010

** Adjusted operating income excludes realignment charges of $24.1 million and $1.2 million for Q4 2009 and Q4 2010, respectively. Adjusted operating income excludes realignment charges of $42.4 million and $1.7 million for 2009 and 2010, respectively.*

*** Constant FX represents the year over year variance assuming 2010 results at 2009 FX rates*

Engineered Product Division
Q4 & Full Year 2010 Bookings and Sales

($ millions)		4th Quarter				Full Year			
		2009	2010	Delta (%)	Constant FX (%)*	2009	2010	Delta (%)	Constant FX (%)*
Bookings Mix	OE	173 37%	184 35%	6% (200 bps)	10%	810 41%	942 42%	16% 100 bps	16%
	AM	295 63%	342 65%	16% 200 bps	17%	1,166 59%	1,300 58%	11% (100 bps)	11%
Sales Mix	OE	348 53%	234 40%	(33%) (1300 bps)	(30%)	1,158 50%	947 44%	(18%) (600 bps)	(17%)
	AM	308 47%	351 60%	14% 1300 bps	15%	1,158 50%	1,206 56%	4% 600 bps	3%

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Mix shift to aftermarket sales reflected steady aftermarket performance

Engineered Product Division Overview

2010 was a challenging and rewarding year for EPD

- Bookings grew 13.5%, led by growth in Latin America, North America, and EMA
- Sales were down 7.1% primarily on low starting backlog and lower project bookings in 2009, but we aggressively grew our aftermarket business, driving a 4.1% increase in aftermarket sales
- Maintained solid margin performance through effective cost management, realignment, and supply chain management despite pricing headwinds and lower volumes

Positioned to capture growth as markets improve

- Invested in growth in China, Brazil and India through strategic localization
- Grew QRC network and aftermarket offerings in response to customer needs
- Advanced our Technology Advantage through our Integrated Solutions Organization to further differentiate our products and services

Will continue to drive for growth

- Continuing to target emerging markets and aftermarket growth through strategic localization and enhanced aftermarket offerings
- Will leverage project pursuit teams to capture growth in large and mega project market in 2011

Industrial Product Division
Q4 & Full Year 2010 Segment Results

($ millions)	4th Quarter 2009	4th Quarter 2010	4th Quarter Delta ($)	4th Quarter Delta (%)	4th Quarter Constant FX (%)**	Full Year 2009	Full Year 2010	Full Year Delta ($)	Full Year Delta (%)	Full Year Constant FX (%)**
Bookings	$ 210.7	$ 219.2	$ 8.5	4.0%	7.4%	$ 823.1	$ 827.5	$ 4.4	0.5%	1.9%
Sales	$ 270.9	$ 228.9	$ (42.0)	(15.5%)	(12.6%)	$ 971.0	$ 800.2	$ (170.8)	(17.6%)	(16.7%)
Gross Profit	$ 70.1	$ 58.1	$ (12.0)	(17.1%)		$ 262.5	$ 204.7	$ (57.8)	(22.0%)	
Gross Margin (%)	25.9%	25.4%		(50 bps)		27.0%	25.6%		(140 bps)	
SG&A	$ 39.2	$ 36.0	$ (3.2)	(8.2%)	(5.6%)	$ 154.6	$ 136.2	$ (18.4)	(11.9%)	(11.2%)
SG&A (%)	14.5%	15.7%		120 bps		15.9%	17.0%		110 bps	
Income from Affiliates	$ -	$ -	$ -	-		$ -	$ -	$ -	-	
Operating Income	$ 30.9	$ 22.1	$ (8.8)	(28.5%)	(22.0%)	$ 107.9	$ 68.5	$ (39.4)	(36.5%)	(33.7%)
Operating Margin (%)	11.4%	9.6%		(180 bps)		11.1%	8.6%		(250 bps)	
Adjusted Operating Income*	$ 36.5	$ 25.6	$ (10.9)	(29.9%)		$ 119.2	$ 77.4	$ (41.8)	(35.1%)	
Adjusted Operating Margin (%)*	13.5%	11.2%		(230 bps)		12.3%	9.7%		(260 bps)	

Operating margins improved sequentially in Q4 2010 from IPD volume improvement

** Adjusted operating income excludes realignment charges of $5.6 million and $3.5 million for Q4 2009 and Q4 2010, respectively. Adjusted operating income excludes realignment charges of $11.3 million and $8.9 million for 2009 and 2010, respectively.*

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Industrial Product Division
Q4 & Full Year 2010 Bookings and Sales

($ millions)		4th Quarter 2009	4th Quarter 2010	4th Quarter Delta (%)	4th Quarter Constant FX (%)*	Full Year 2009	Full Year 2010	Full Year Delta (%)	Full Year Constant FX (%)*
Bookings Mix	OE	146 69%	158 72%	8% 300 bps	12%	568 69%	562 68%	(1%) (100 bps)	1%
	AM	65 31%	61 28%	(6%) (300 bps)	(3%)	255 31%	265 32%	4% 100 bps	5%
Sales Mix	OE	206 76%	160 70%	(22%) (600 bps)	(19%)	719 74%	552 69%	(23%) (500 bps)	(22%)
	AM	65 24%	69 30%	6% 600 bps	9%	252 26%	248 31%	(2%) 500 bps	(1%)

** Constant FX represents the year over year variance assuming 2010 results at 2009 FX rates*

Mix shift to aftermarket sales reflected steady aftermarket performance

Industrial Product Division Overview

IPD has positioned itself for growth despite a challenging environment in 2010

- Maintained steady bookings
- Sales were down 17.6% primarily on low starting backlogs and weaker demand in power generation and chemical markets in developed markets
- Operating margins were down significantly for the full year, but improved sequentially in Q4

Began executing improvement plan in second half of 2010

- New divisional leadership
- Invested in operational improvements and cost reductions through realignment initiatives
- Focused on product development to capture market growth opportunities

Will continue to drive for growth and improved operating platform in 2011

- Targeting operating margins of 14-15% by 2015

Flow Control Division
Q4 & Full Year 2010 Segment Results

($ millions)	4th Quarter 2009	4th Quarter 2010	4th Quarter Delta ($)	4th Quarter Delta (%)	4th Quarter Constant FX (%)**	Full Year 2009	Full Year 2010	Full Year Delta ($)	Full Year Delta (%)	Full Year Constant FX (%)**
Bookings	$ 291.2	$ 327.8	$ 36.6	12.6%	16.0%	$ 1,198.3	$ 1,306.6	$ 108.3	9.0%	10.2%
Sales	$ 310.0	$ 360.1	$ 50.1	16.2%	20.0%	$ 1,203.2	$ 1,197.5	$ (5.7)	(0.5%)	1.1%
Gross Profit	$ 117.0	$ 119.1	$ 2.1	1.8%		$ 445.2	$ 422.3	$ (22.9)	(5.1%)	
Gross Margin (%)	37.7%	33.1%		(460 bps)		37.0%	35.3%		(170 bps)	
SG&A	$ 61.8	$ 67.4	$ 5.6	9.1%	12.3%	$ 245.9	$ 245.1	$ (0.8)	(0.3%)	0.9%
SG&A (%)	19.9%	18.7%		(120 bps)		20.4%	20.5%		10 bps	
Income from Affiliates	$ 0.6	$ 0.8	$ 0.2	33.3%		$ 4.8	$ 3.2	$ (1.6)	(33.3%)	
Operating Income	$ 55.7	$ 52.5	$ (3.2)	(5.7%)	(3.9%)	$ 204.1	$ 180.4	$ (23.7)	(11.6%)	(11.1%)
Operating Margin (%)	18.0%	14.6%		(340 bps)		17.0%	15.1%		(190 bps)	
Adjusted Operating Income*	$ 58.9	$ 54.8	$ (4.1)	(7.0%)		$ 215.6	$ 186.6	$ (29.0)	(13.5%)	
Adjusted Operating Margin (%)*	19.0%	15.2%		(380 bps)		17.9%	15.6%		(230 bps)	

Solid performance on fundamentals positions FCD for 2011

** Adjusted operating income excludes realignment charges of $3.2 million and $2.3 million for Q4 2009 and Q4 2010, respectively. Adjusted operating income excludes realignment charges of $11.5 million and $6.2 million for 2009 and 2010, respectively.*

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Flow Control Division
Q4 & Full Year 2010 Bookings and Sales

($ millions)		4th Quarter 2009	4th Quarter 2010	4th Quarter Delta (%)	4th Quarter Constant FX (%)*	Full Year 2009	Full Year 2010	Full Year Delta (%)	Full Year Constant FX (%)*
Bookings Mix	OE	253	269	6%	10%	1,018	1,098	8%	9%
		87%	82%	(500 bps)		85%	84%	(100 bps)	
	AM	38	59	55%	55%	180	209	16%	16%
		13%	18%	500 bps		15%	16%	100 bps	
Sales Mix	OE	254	302	19%	23%	1,011	1,018	1%	3%
		82%	84%	200 bps		84%	85%	100 bps	
	AM	56	58	4%	5%	192	180	(6%)	(7%)
		18%	16%	(200 bps)		16%	15%	(100 bps)	

** Constant FX represents the year over year variance assuming 2010 results at 2009 FX rates*

Mix shift to aftermarket bookings reflected steady aftermarket performance

Flow Control Division Group Overview

FCD performed well in 2010 despite a challenging environment…

- We have built a strong operating platform overall
- Strong bookings growth in 2010
- Positioned well for the market rebound
- Approximately $200 million acquisition in the Oil/Gas energy business

FCD will continue to focus on sustainable profitable growth…

- Continue to invest in localizing in emerging economies
- Continue to focus in high growth areas in Oil/Gas and Power
- Drive growth in the aftermarket business through expanded service and solution offerings
- Continued drive on low cost sourcing and continuous improvement
- Leverage innovation across the business in response to market drivers
- Promote investments in portfolio selling and automation

2011 Outlook

Cash use priorities in 2011

- Estimate capital expenditures to be $120 million - $130 million
- Estimate U.S. pension fund contributions of around $10 million
- $48.1 million remaining under current $300 million share repurchase program
- Increased quarterly dividend 10% from $0.29/share to $0.32/share, effective Q2 2011
- Required debt principal reduction of $25 million
- Other strategic opportunities, after disciplined analysis

Currency issues

- Closely watching US dollar fluctuations versus world currencies for earnings volatility

Realignment

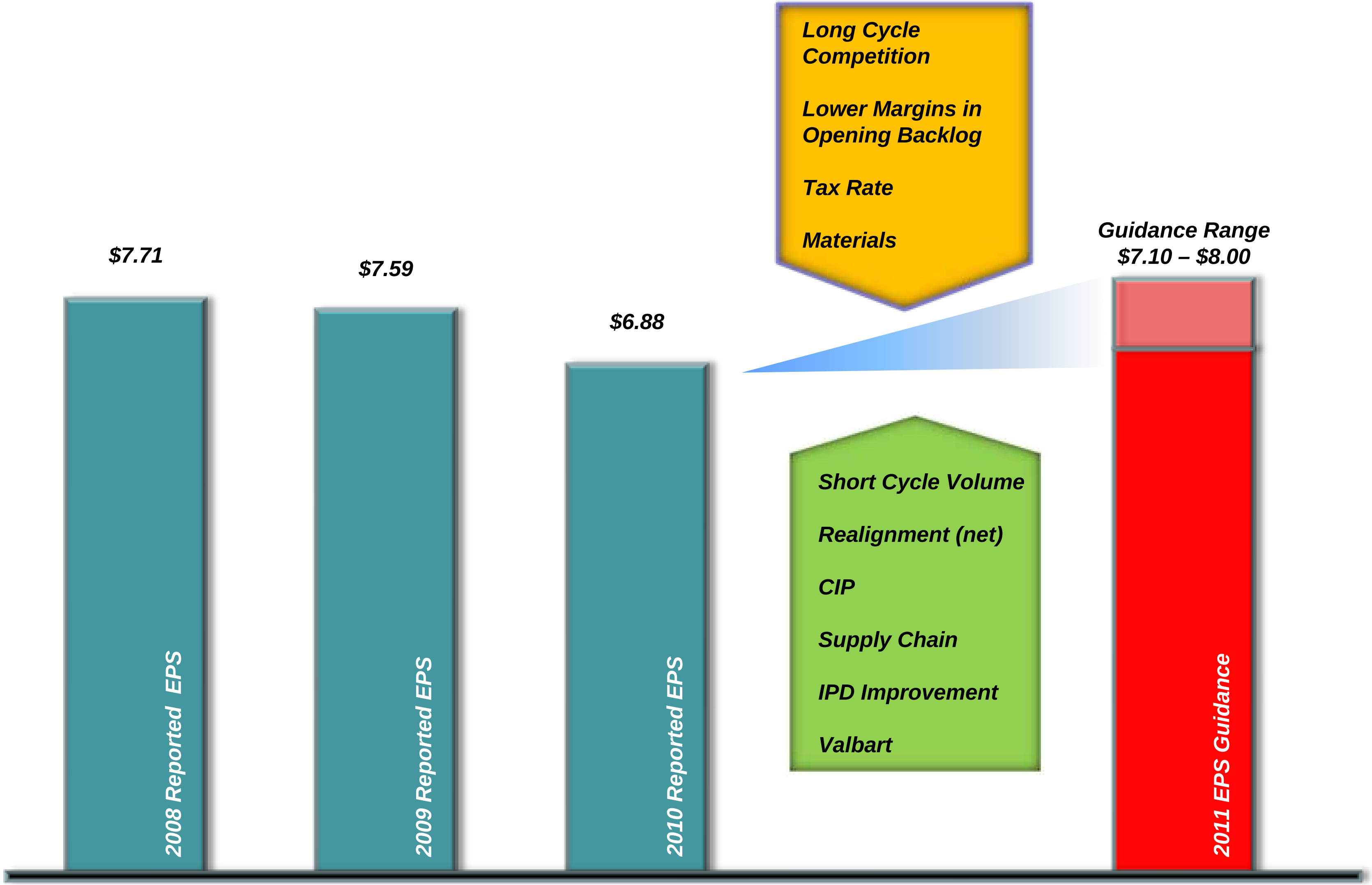
- Expect to incur approximately $5 million of realignment charges, primarily in the first half of 2011, from previously communicated realignment plans

Valbart

- Expect Valbart to be accretive for the full year, but dilutive in the first half of 2011

Reaffirming 2011 full year EPS target range of $7.10 to $8.00

Impacts to 2011 EPS



Questions and Answers

Appendix

2010 Full Year – Realignment Overview

($ millions)	Restructuring				
	EPD	IPD	FCD	Other	Total
Cost of Sales	2.3	4.4	1.9	0.0	8.6
SG&A	(1.5)	0.3	0.9	1.2	0.9
Total	0.8	4.7	2.8	1.2	9.5

	Non-Restructuring				
	EPD	IPD	FCD	Other	Total
Cost of Sales	(0.1)	3.6	2.4	0.0	5.9
SG&A	1.0	0.6	1.0	0.3	2.9
Total	0.9	4.2	3.4	0.3	8.8

	Total Realignment				
	EPD	IPD	FCD	Other	Total
Cost of Sales	2.2	8.0	4.3	0.0	14.5
SG&A	(0.5)	0.9	1.9	1.5	3.8
Total	1.7	8.9	6.2	1.5	18.3

- All amounts noted above are under review and subject to change

Non-GAAP Reconciliation

Divisional Adjusted Operating Income

($ millions)	Q4 2010		
	EPD	IPD	FCD
Reported GAAP Operating Income	111.2	22.1	52.5
Realignment Charges	1.2	3.5	2.3
Adjusted Operating Income	112.4	25.6	54.8

($ millions)	Full Year		
	EPD	IPD	FCD
Reported GAAP Operating Income	412.6	68.5	180.4
Realignment Charges	1.7	8.9	6.2
Adjusted Operating Income	414.3	77.4	186.6

Note: Flowserve supplements its reporting of operating income determined in accordance with GAAP by using adjusted operating income. Flowserve's adjusted operating income reflects management's judgment of particular items and may not be comparable to similarly titled measures reported by other companies.

Consolidated Adjusted Operating Income and EPS

($ millions except per share amounts)	Q4 2010		Full Year	
	Operating Income	Diluted EPS	Operating Income	Diluted EPS
Reported GAAP	$164.0	$2.00	$581.4	$6.88
Realignment Charges	$8.1	$0.11	$18.3	$0.24
Adjusted	$172.1	$2.11	$599.7	$7.12

Note: Flowserve supplements its reporting of operating income and diluted earnings per share determined in accordance with GAAP by using adjusted operating income and adjusted diluted earnings per share. Flowserve's adjusted operating income and adjusted diluted earnings per share reflect management's judgment of particular items and may not be comparable to similarly titled measures reported by other companies.

Flow Control Division Adjusted Operating Income

($ millions)	Q4 2010	FY 2010
Reported GAAP Operating Income	52.5	180.4
Realignment Charges	2.3	6.2
Adjusted Operating Income	54.8	186.6
Valbart Acquisition	7.3	12.4
Adjusted Operating Income (excluding Valbart)	62.1	199.0

Note: Flowserve supplements its reporting of operating income determined in accordance with GAAP by using adjusted operating income. Flowserve's adjusted operating income reflects management's judgment of particular items and may not be comparable to similarly titled measures reported by other companies.

Consolidated Adjusted Operating Margin

($ millions)	FY 2010
Reported GAAP Sales	4,032.0
Valbart Sales	(38.3)
Adjusted Sales	3,993.7
Reported GAAP Operating Income	581.4
Reported GAAP Operating Margin	14.4%
Realignment Charges	18.3
Valbart Acquisition	12.4
Adjusted Operating Income (excluding Valbart)	612.1
Adjusted Operating Margin (excluding Valbart)	15.3%

Note: Flowserve supplements its reporting of sales, operating income, and operating margin determined in accordance with GAAP by using adjusted sales, adjusted operating income, and adjusted operating margin. Flowserve's adjusted sales, adjusted operating income, and adjusted operating margin reflect management's judgment of particular items and may not be comparable to similarly titled measures reported by other companies.