FLOWSERVE CORPORATION

(NYSE: FLS)

RBC Capital Markets
Global Industrials Conference

September 10, 2013

Experience In Motion

Safe Harbor Statement

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

The forward-looking statements included in this presentation are based on our current expectations, projections, estimates and assumptions. These statements are only predictions, not guarantees. Such forward-looking statements are subject to numerous risks and uncertainties that are difficult to predict. These risks and uncertainties may cause actual results to differ materially from what is forecast in such forward-looking statements, and include, without limitation, the following: a portion of our bookings may not lead to completed sales, and our ability to convert bookings into revenues at acceptable profit margins; changes in the global financial markets and the availability of capital and the potential for unexpected cancellations or delays of customer orders in our reported backlog; our dependence on our customers’ ability to make required capital investment and maintenance expenditures; risks associated with cost overruns on fixed-fee projects and in taking customer orders for large complex custom engineered products; the substantial dependence of our sales on the success of the oil and gas, chemical, power generation and water management industries; the adverse impact of volatile raw materials prices on our products and operating margins; our ability to execute and realize the expected financial benefits from our strategic realignment initiatives; economic, political and other risks associated with our international operations, including military actions or trade embargoes that could affect customer markets, particularly Middle Eastern markets and global oil and gas producers, and non-compliance with U.S. export/re-export control, foreign corrupt practice laws, economic sanctions and import laws and regulations; our exposure to fluctuations in foreign currency exchange rates, including in hyperinflationary countries such as Venezuela; our furnishing of products and services to nuclear power plant facilities 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

Flowserve Corporation

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

Investment Highlights

FLS LISTED NYSE

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

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

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

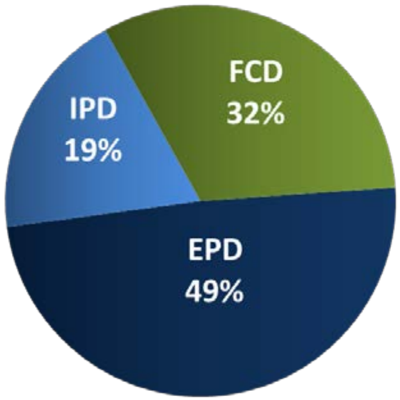
Flowserve has a diverse mix of products, end markets and geographic exposures which has provided earnings stability through the cycle and decreases the overall earnings risk profile

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

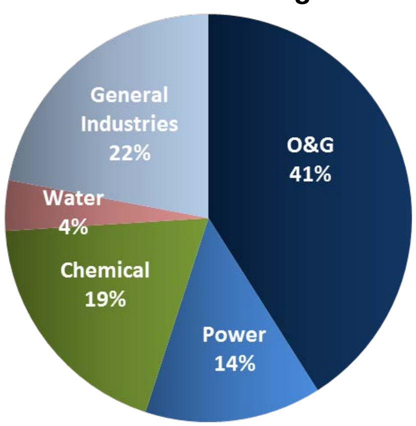
Segment Breakdown

2012 Sales Mix



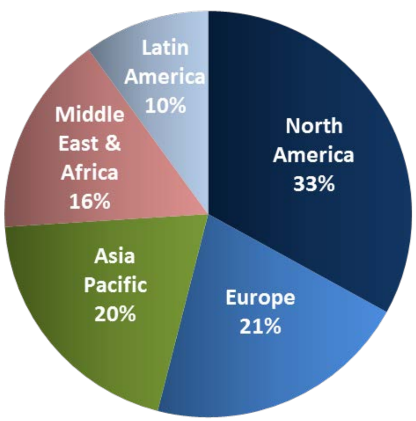
Energy-focused End Markets

2012 Bookings



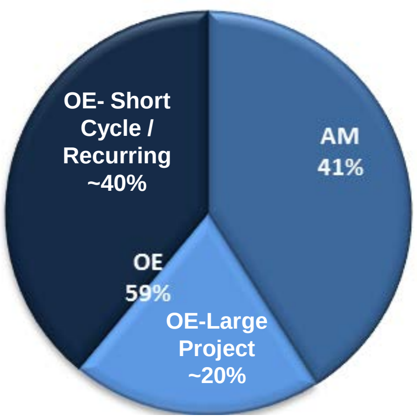
Geographic Exposure

2012 Sales



Diverse OE / AM Mix

2012 Sales



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

One Flowserve to Global Customers

FINANCIAL REPORTING SEGMENTS

EPD IPD FCD + Aftermarket

Common Customers

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

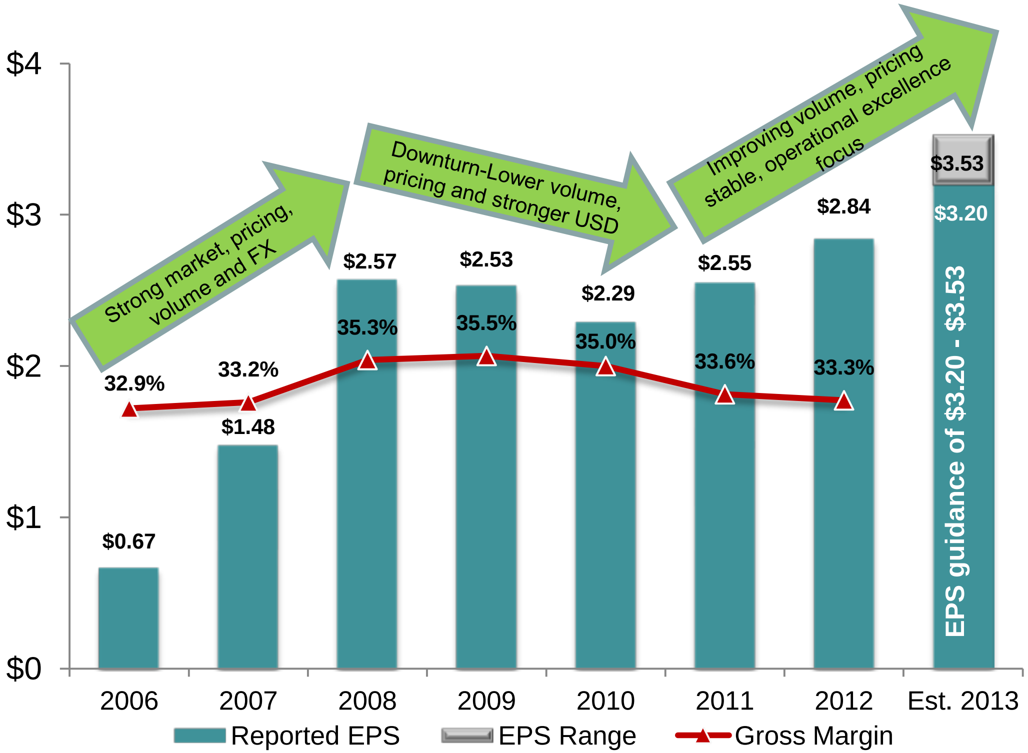
Common Markets

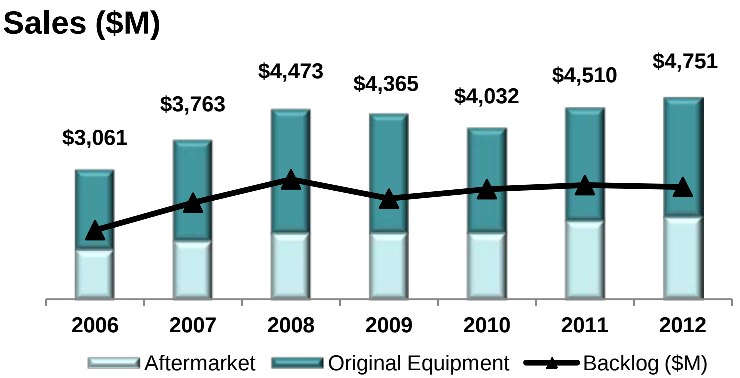
Global Trends

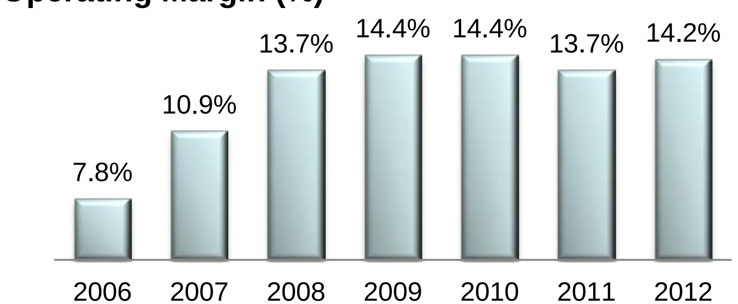
- Energy Efficiency
- Demographic Shifts
- Localization
- Life Cycle Cost
- Emerging Markets Capture
- Value Stream
- Aging Infrastructure
- Independence
- Economic Growth

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

Diverse Exposures and Disciplined Investment Delivers Earnings Stability and Supports Growth





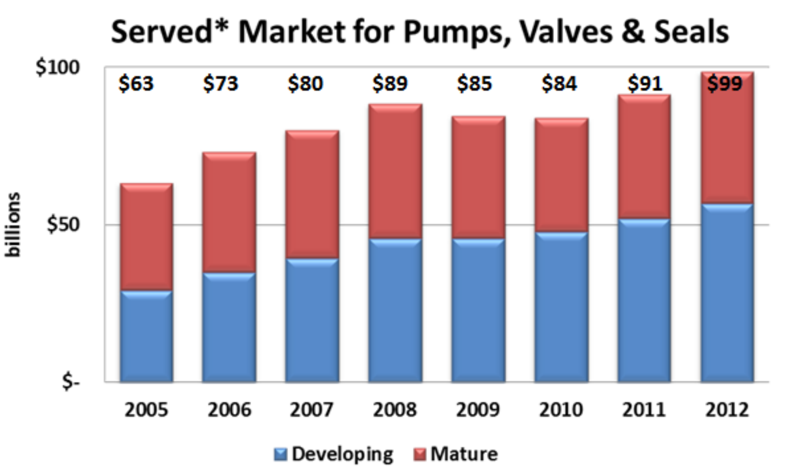


- **Diversity provides stable earnings and margins through cycle, despite significant pricing impacts in the large OE business**
- **Aftermarket spend remains solid through challenging cycles and large project delays**
  - Large OE projects are often subject to delays that can impact earnings, but typically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

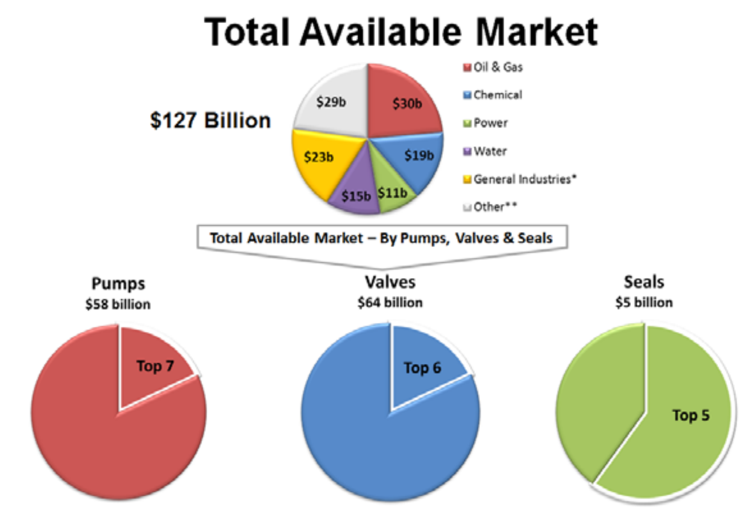
Stability through trough implies margin leverage potential

Flowserve's Served Market

- Flowserve serves the market with a broad range of flow control products
- Flowserve's served markets represent approximately 75% of the total available market
- Pump, valve & seal spend is increasingly taking place in developing regions
- Developing markets accounted for about 58% of spend in 2012



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



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

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

FLOWSERVE

Long Cycle Infrastructure Investment Drivers

	Driver	Factors		Investment
Historical Primary Driver	Profit	Shareholder Value Internal Rate of Return		Capital Investments
Increasing Drivers of Investments	Demographics	Population Growth Industrialization	Rural to Urban Move Middle Class Rise	Growth Investments
	Aging Infrastructure	Refurbishment Efficiency	Upgrade Optimization Feedstock changes	Sustaining Investments
	Independence	Diversification Energy Security	Environmental Nationalism	Political Investments
	Economic Growth	Job Creation Political Stability	Social Stability Localization	Social Investments

Motivation for infrastructure investments now reflect other critical drivers

Attributes of Products / Services

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

24" Main Steam Isolation Valve

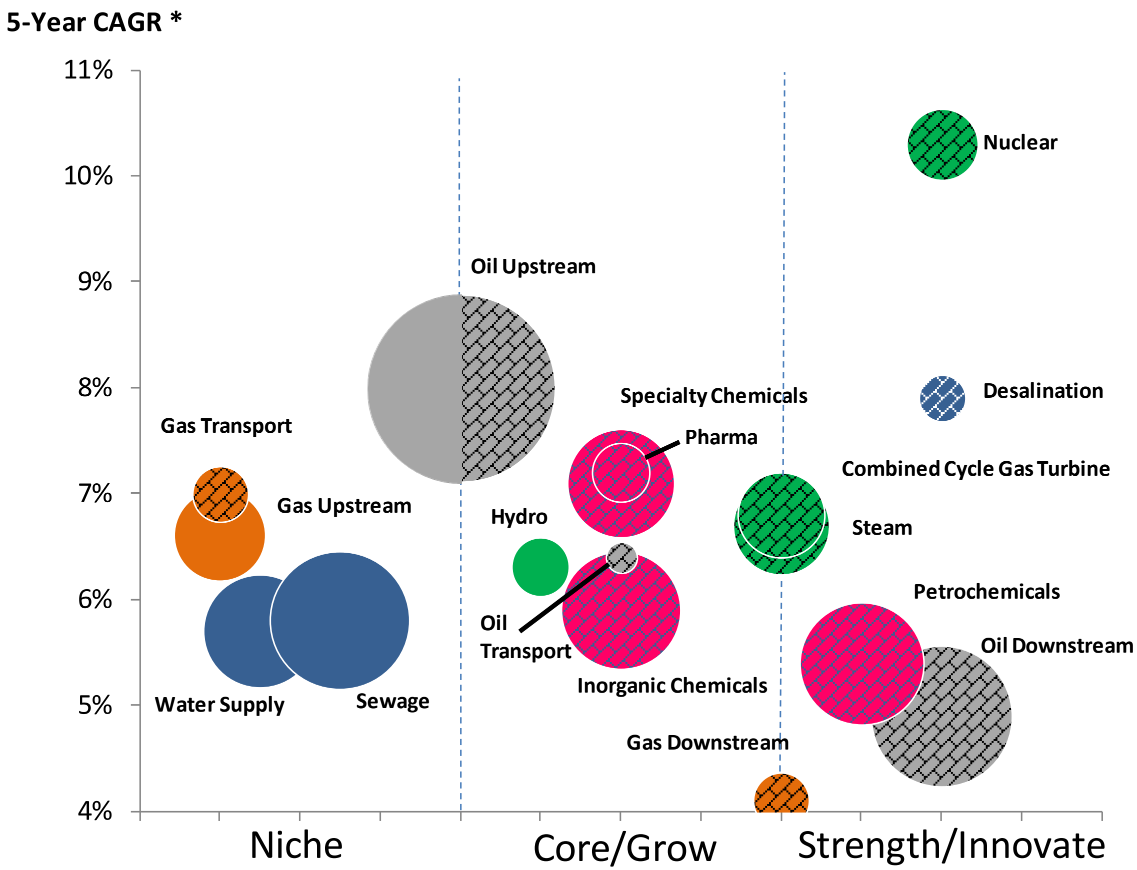
WCC Multistage Barrel Pump

ISC2 Mechanical Seal

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

Flowserve's Portfolio Aligned with Market Growth

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



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

Flowserve Portfolio Position

Aftermarket QRC footprint aligned with down stream, fixed installed based

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

The Flowserve Difference

Customer-Centric Culture

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

Customer Intimacy

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

We understand what is important to the customer

Technology Leadership

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

We have the technology to solve complex customer problems

Operational Excellence

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

We exceed customer expectations on delivery and quality

Strategic Localization

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

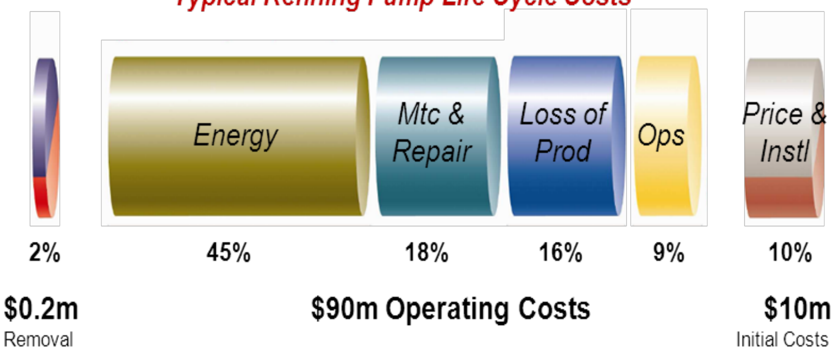
We have the largest network of company-owned facilities in the industry

Sustainable Business Model

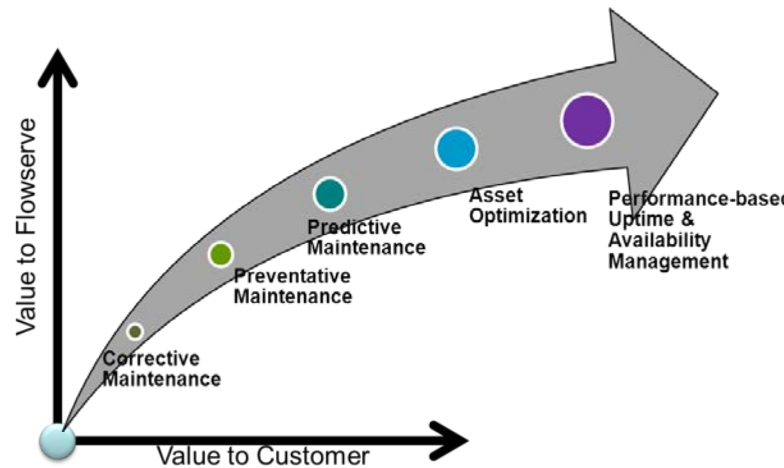
Growth and margin opportunities

Customer Intimacy Provides Aftermarket Opportunities

Typical Refining Pump Life Cycle Costs



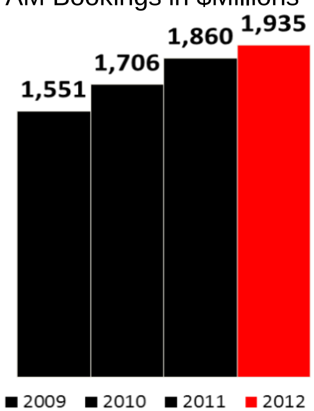
End user customers typically experience approximately 9 times the initial purchase and installation costs over the equipment's operating life



End user customers vary in maintenance philosophies

2009 – 2012 AM CAGR = 7.7%

AM Bookings in $Millions



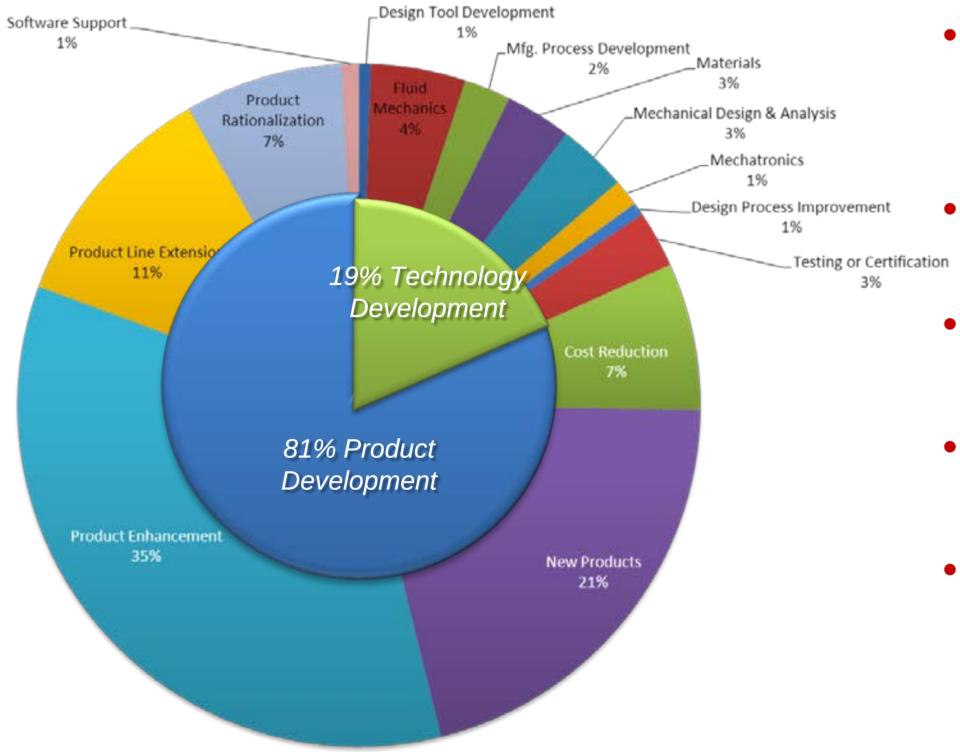
FLS Services & Solutions business drives aftermarket growth

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

Technology Leadership

Focus on Research and Development

2012 Spend by Project Type

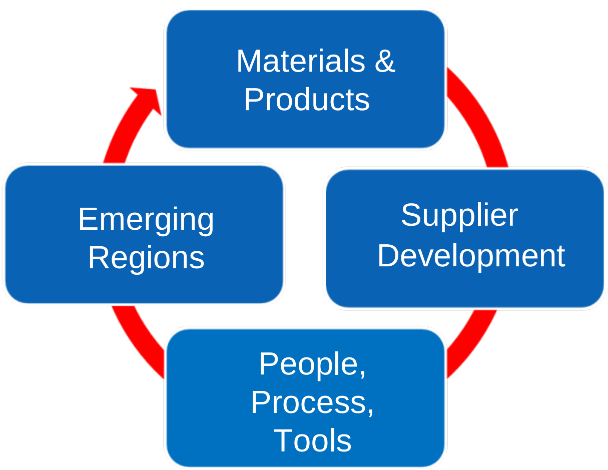


- Enhanced standards compliance
- New Product Development
- Advanced Materials
- Product Cost Reduction
- Customer co-funded development

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

Focused on Key Metrics and Processes

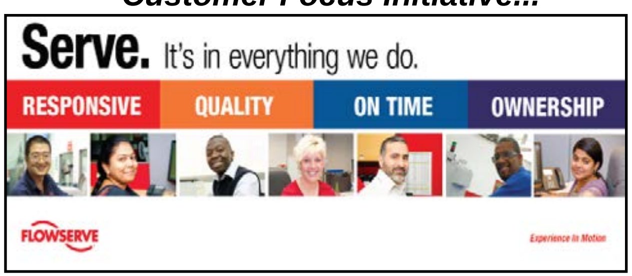
Supply Chain

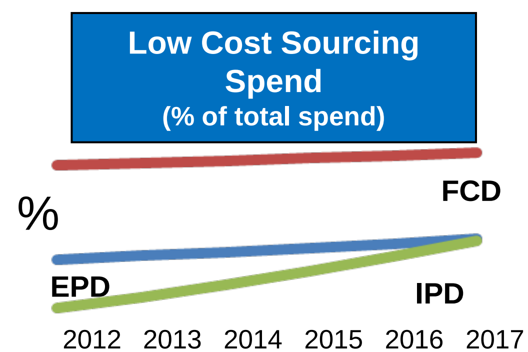


Quality

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

Customer Focus Initiative…





Strategic initiatives aligned to deliver KPI's

Strategic Localization: Key to Accelerated Growth

Brazil

Russia

India

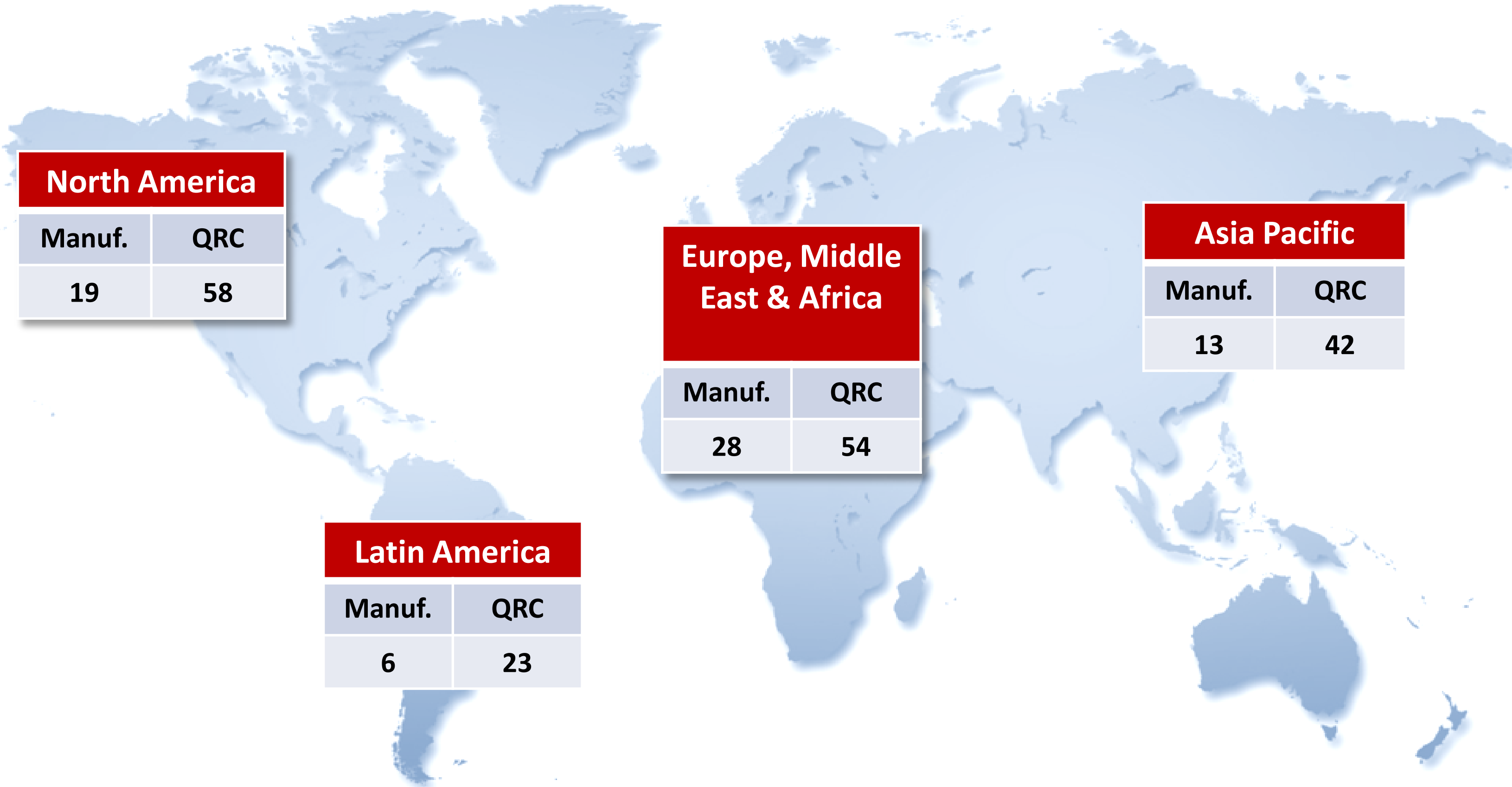
China

Middle East

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

Building local capabilities is foundational to our global plan

Strategically Located FLS Footprint



North America	
Manuf.	QRC
19	58

Europe, Middle East & Africa	
Manuf.	QRC
28	54

Asia Pacific	
Manuf.	QRC
13	42

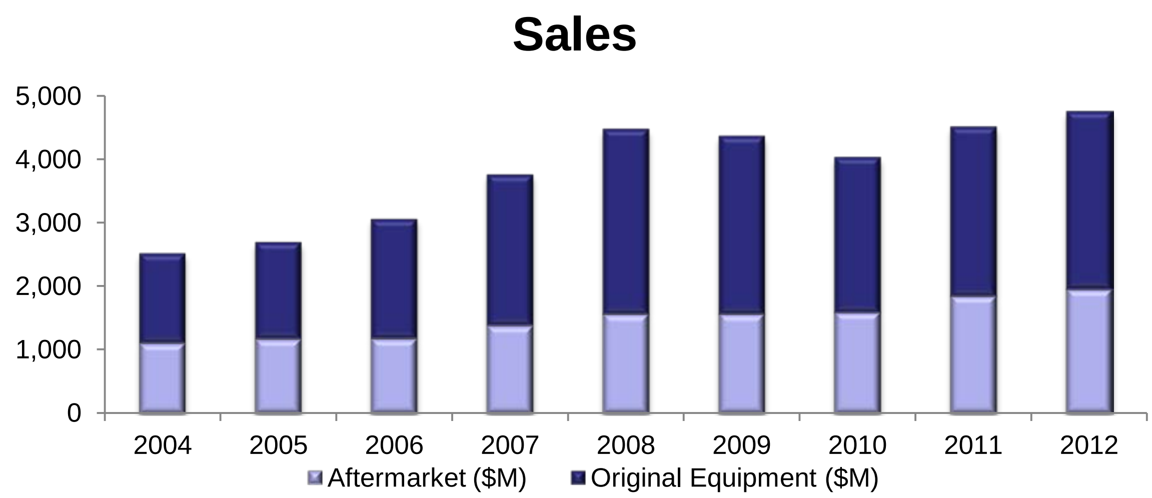
Latin America	
Manuf.	QRC
6	23

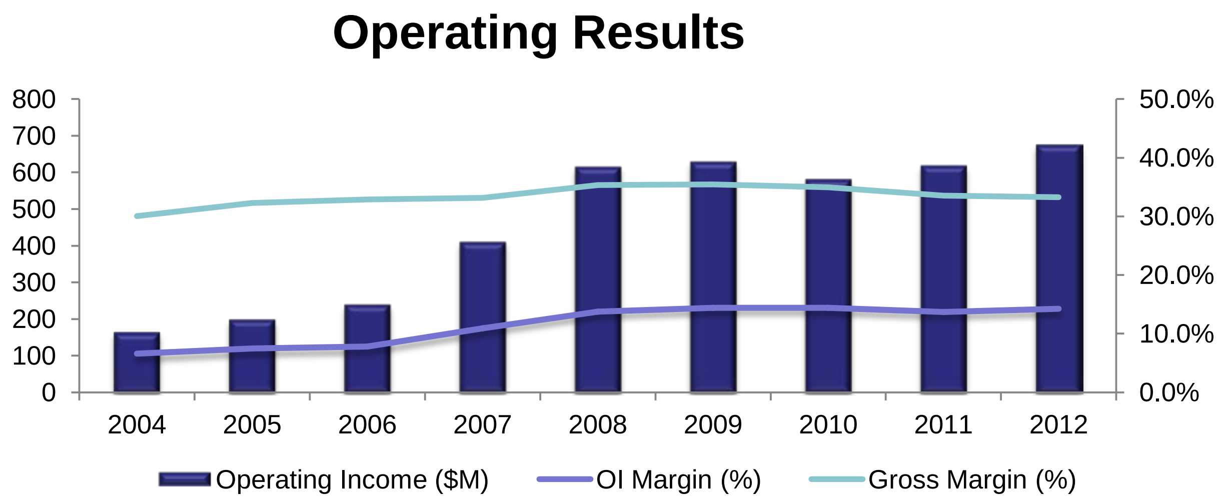
Structured for Growth

66 Manufacturing / 177 QRC Sites Globally

*Excludes non-consolidated JV operations

Strong Annual Financial Performance



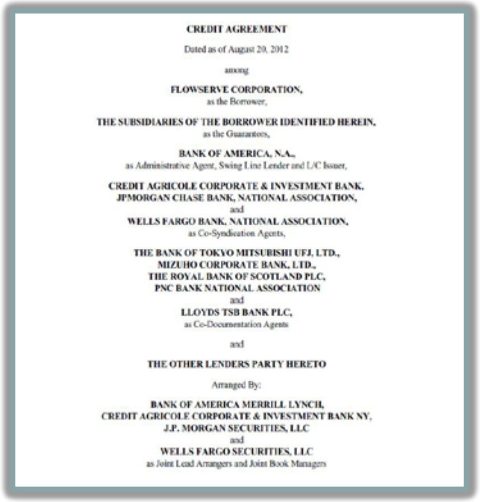


Strategic Approach to Deploying Capital

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

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

Progress on Capital Structure


CREDIT AGREEMENT

Dated as of August 20, 2012

among

FLOWSERVE CORPORATION,
as the Borrower,

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

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

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

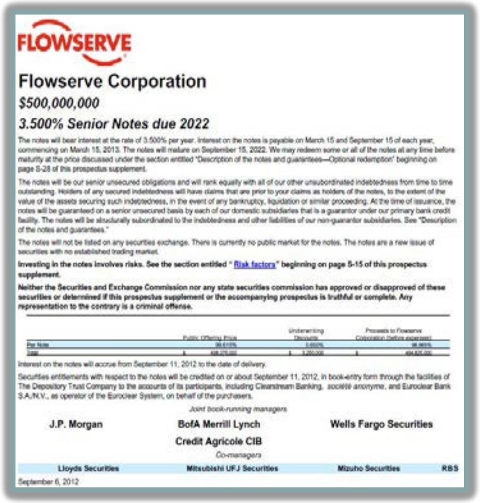
THE BANK OF TOKYO MITSUBISHI UFJ, LTD.,
MIZUHO CORPORATE BANK, LTD.,
THE ROYAL BANK OF SCOTLAND PLC,
PNC BANK NATIONAL ASSOCIATION
and
LLOYDS TSB BANK PLC,
as Co-Documentation Agents

and

THE OTHER LENDERS PARTY HERETO

Arranged By:

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


FLOWSERVE

Flowserve Corporation

$500,000,000

3.500% Senior Notes due 2022

J.P. Morgan | BofA Merrill Lynch | Wells Fargo Securities

Credit Agricole CIB

Lloyds Securities | Mitsubishi UFJ Securities | Mizuho Securities | RBS

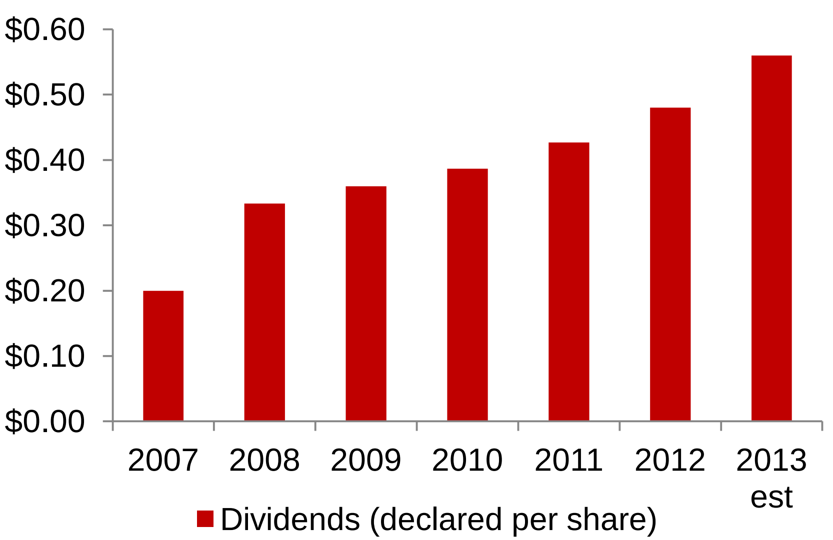
September 6, 2012

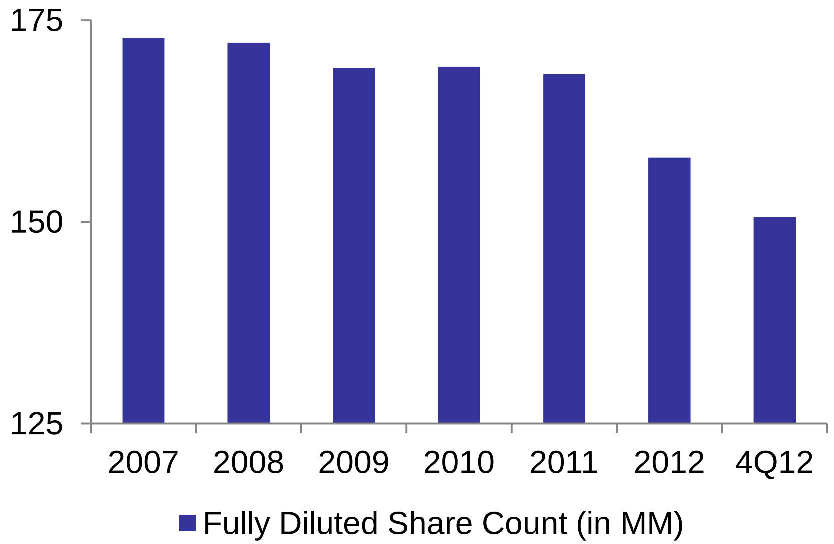
- Upgraded to "investment grade" by all major rating agencies

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

Consistent Returns to Shareholders *

- Annual declared dividends increased 180% to the anticipated $0.56 per share in 2013 from $0.20 per share in 2007
- Repurchased approximately $1.3 billion of shares from 2006 to early 2013, reducing total diluted share count by nearly 15% since 2005

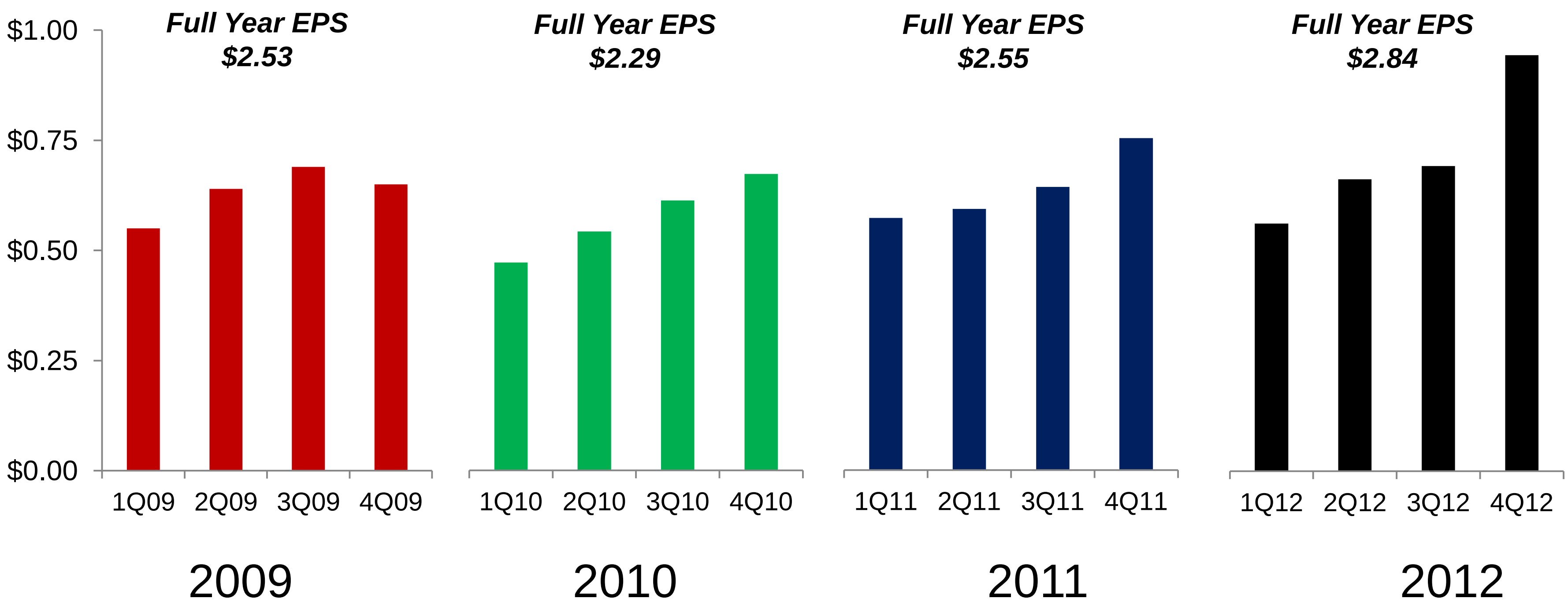




**** Dividends and share count adjusted to reflect 3-for-1 stock split effective June 21, 2013***

EPS Seasonally Second-Half Weighted *

(Quarterly Earnings Per Share - diluted)



**** EPS and share count adjusted to reflect 3-for-1 stock split effective June 21, 2013***

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

Q2 2013 Financial Highlights

- Reported EPS* of $0.84, compares favorably to Q2 2012 reported EPS of $0.66. Q2 2012 included $0.04 of currency related expenses in Other Income / (Expense)
- Bookings of $1.2 billion, up 1.3% versus prior year, or 1.8% on a constant currency basis
  - Bookings increased 3.3% on a sequential basis
  - Aftermarket bookings of $505 million essentially flat year-over-year, up 5.7% sequentially
  - As expected, no large projects were booked in Q2 but we continued to see progress from FEED to the bidding stage on projects we expect to be released in the second half of the year
  - Strength in oil and gas and chemical markets partially offset softness in the power, general industries and water markets
- Gross margin of 34.0%, up 150 basis points versus prior year
  - Improvement driven by 280 and 190 basis point improvement in FCD and IPD respectively
- Operating margin of 14.8%, up 90 basis points versus prior year
  - SG&A as a percent of sales increased 50 bps to 19.4%
  - Excluding the net negative impact of certain discrete items totaling $4.1 million in Q2 2013 and a $3.9 million legal benefit in Q2 2012 that did not recur, SG&A as a percent of sales improved 20 basis points to 19.1%

*Calculated using Q2 2013 fully diluted shares of 142.9 million

Business Outlook

- Continued progress on driving internal improvement with ***One Flowserve*** leadership structure and leveraging best practices across our business
  - ➢ Internal focus since 2012 delivering operational and margin improvement
  - ➢ Improved platform efficiency has us well positioned to meet customer requirements and capture expected increase in large project activity in the second half of 2013
  - ➢ Better positioned to leverage bolt-on acquisitions across manufacturing and QRC footprint
- Strong first half of 2013 provides momentum to deliver on the remainder of the year
- Diverse end market and geographic exposures continue to dampen risk and volatility as improved project activity is anticipated to begin in the second half of the year, particularly in North America
- FCD is focused on top-line growth and high levels of operating performance while encouraging operating improvements in EPD and IPD drive future profitable growth

2013 Guidance Range

2013 EPS [1]	**$3.20 – $3.53**
Revenue Growth [2]	**4 – 6%**
Tax Rate	**~30%**
Capital Expenditures	**$120 – $130M**
Pension Contributions	**$25 – $30M**
Capital Returned to Shareholders [3]	**$425 – $475M**
Longer Term Guidance:	
1-2 Year Operating Margin Improvement (from 2012 levels)	**100 – 200 bps**
SG&A as a Percent of Sales	**18%**

[1] Reaffirmed as of July 25, 2013. Includes $0.09 net gain on joint venture transactions and $0.08 of negative currency impacts in Q1 2013 not anticipated in original guidance. Similar to recent years, 2013 earnings will be second half weighted. Additionally, first half earnings will be effected shipments of the majority of remaining legacy backlog

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

[3] Includes dividend and completion of $1 billion buyback plan, followed by return of 40 - 50% of 2 year average of net earnings to shareholders annually

Disciplined Profitable Growth and Long Term Shareholder Value Creation

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

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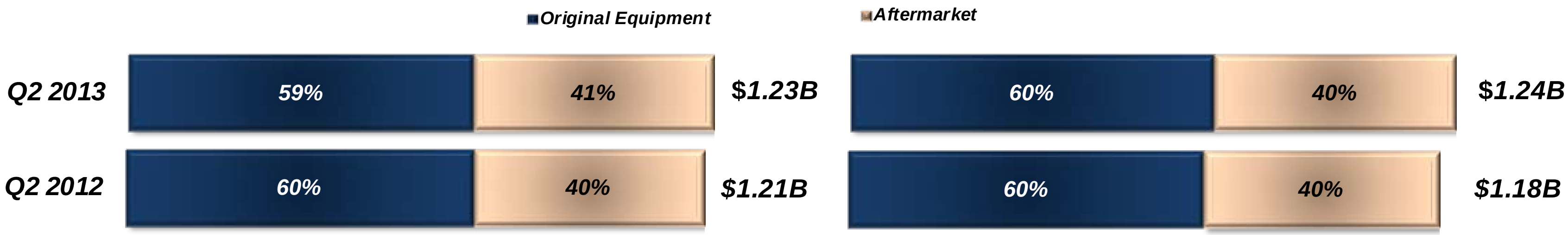
APPENDIX

Q2 2013 – Consolidated Bookings & Sales

BOOKINGS **SALES**



Bookings

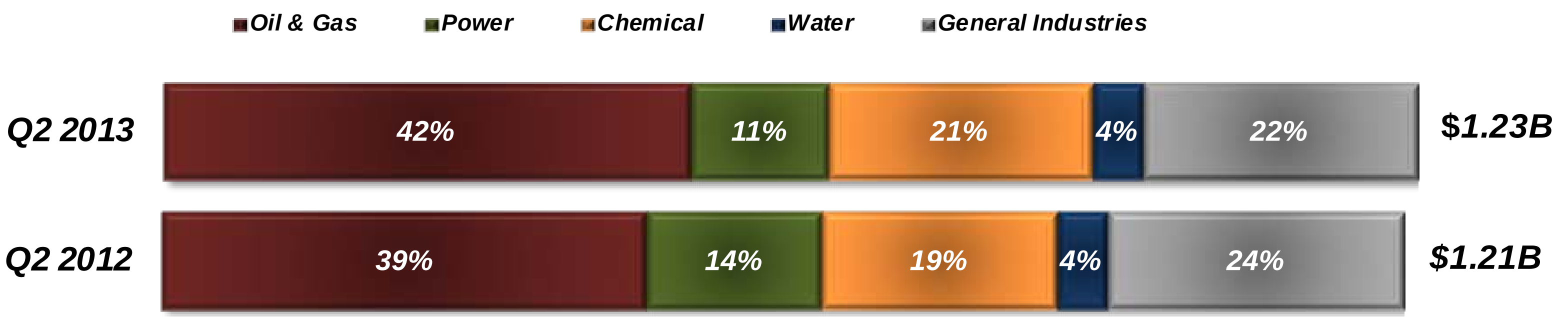
- Bookings in Q2 2013 increased 1.3%, or 1.8% on a constant currency basis, driven by the chemical industry in EPD and FCD, and the oil and gas industry in IPD and FCD, partially offset by a decrease in the power industry in all three segments
  - Regionally, bookings growth into Europe and Latin America more than offset decreases into the Middle East and Asia Pacific

Sales

- Sales in Q2 2013 increased 4.8%, or 5.3% on a constant currency basis, driven primarily by increased OE sales in EPD and IPD and aftermarket sales in FCD
  - Regionally, sales increase driven by North America and Asia Pacific

Sources: Flowserve Internal Data

Q2 2013 Bookings & Industry Outlook



OIL & GAS

- ✓ *Long-term oil & gas demand outlook supports healthy investment programs; upstream attracting largest share of spend*
- ✓ *New refining capacity additions based in Middle East & BRIC countries; some project schedules shifted*
- ✓ *Continued focus on North American unconventional resources with opportunities upstream, midstream and downstream*

POWER

- ✓ *Significant project deferrals in some regions because of economic and regulatory uncertainties*
- ✓ *New coal-fired power capacity concentrated in China & India with gas-fired and renewables in North America & Middle East; U.S. climate initiative could speed the retirement of many older and inefficient coal-fired units there*
- ✓ *Nuclear power still in transition and current activity mixed; progress taking place in some parts of Europe & Asia, but closures of several nuclear units in U.S.*

CHEMICAL

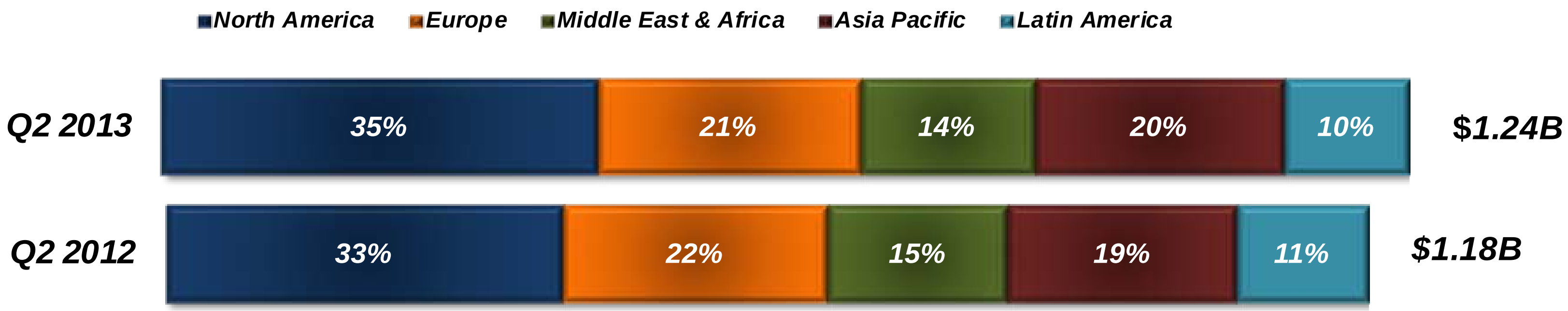
- ✓ *Positive chemical demand outlook given infrastructure and consumer spending in emerging markets and improvements in the U.S. economy*
- ✓ *Asia Pacific, Middle East & North America account for largest share of new chemical capacity forecasted to come online in next few years*

GENERAL INDUSTRIES

- ✓ *Miners investing more carefully now, but good levels of mining activity in parts of southern Africa, Latin America & North America*
- ✓ *Encouraging signs in desalination market; industry watchers expect new plant orders to rise over the next couple years*

Sources: *GlobalData, Industrial Info Resources, IEA, American Chemistry Council, World Nuclear Association, customer and EPC reports, Flowserve internal data*

Q2 2013 Sales & Regional Outlook



NORTH AMERICA

- ✓ *Continued focus on North American unconventional resources with opportunities upstream, midstream and downstream*
- ✓ *New initiative to reduce greenhouse gas emissions will promote renewables and natural gas for conversions & new combined-cycle plants*
- ✓ *Global chemical manufacturers advance plans for new ethylene plants and various derivatives that leverage low-cost natural gas*

EUROPE

- ✓ *West Europe power market in transition with best opportunities in coming years expected in gas-fired power and renewables*
- ✓ *East Europe & Russia account for a large share of the region's investment in refining, pipelines, petrochemicals and nuclear power*

MIDDLE EAST

- ✓ *Good opportunities in oil & gas upstream and downstream, as well as petrochemicals given region's downstream diversification strategy*
- ✓ *Robust planning for power generation, desalination and water infrastructure to support economic development in the region*

ASIA-PACIFIC

- ✓ *Region will have the highest LNG regasification capacity additions in the world over the next few years*
- ✓ *Over half of global petrochemical capacity additions planned for China, India and other Asia Pacific countries*

LATIN AMERICA

- ✓ *Significant capital expenditures planned to further develop the deep water oil and gas resources off the coast of Brazil*
- ✓ *Region accounts for more than half of all new copper mining capacity forecasted to come online in the next few years*

Sources: *GlobalData, Industrial Info Resources, IEA, American Chemistry Council, World Nuclear Association, customer and EPC reports, Flowserve internal data*

Q2 2013 - Consolidated Financial Results

($ millions)	2nd Quarter 2013	2nd Quarter 2012	2nd Quarter Delta ($)	2nd Quarter Delta (%)	2nd Quarter Constant FX (%)*	Year to Date 2013	Year to Date 2012	Year to Date Delta ($)	Year to Date Delta (%)	Year to Date Constant FX (%)*
Bookings	$ 1,229.0	$ 1,213.7	$ 15.3	1.3%	1.8%	$ 2,409.3	$ 2,450.8	$ (41.5)	(1.7%)	(0.9%)
Sales	$ 1,239.5	$ 1,182.2	$ 57.3	4.8%	5.1%	$ 2,336.1	$ 2,257.2	$ 78.9	3.5%	4.2%
Gross Profit	$ 421.6	$ 384.6	$ 37.0	9.6%		$ 794.9	$ 743.8	$ 51.1	6.9%	
Gross Margin (%)	34.0%	32.5%		150 bps		34.0%	33.0%		100 bps	
SG&A	$ 240.2	$ 223.9	$ 16.3	7.3%	7.7%	$ 474.7	$ 445.8	$ 28.9	6.5%	7.2%
SG&A (%)	19.4%	18.9%		50 bps		20.3%	19.8%		50 bps	
Income from Affiliates	$ 2.1	$ 4.1	$ (2.0)	(48.8%)		$ 33.8	$ 9.3	$ 24.5	263.4%	
Operating Income	$ 183.5	$ 164.8	$ 18.7	11.3%	11.3%	$ 354.0	$ 307.3	$ 46.7	15.2%	16.5%
Operating Margin (%)	14.8%	13.9%		90 bps		15.2%	13.6%		160 bps	
Other Income / (Expense), net**	$ 0.6	$ (8.0)	$ 8.6	107.5%		$ (10.4)	$ (13.0)	$ 2.6	(20.0%)	
Tax Expense	$ 50.4	$ 39.6	$ 10.8	27.3%		$ 99.1	$ 75.1	$ 24.0	32.0%	
Net Earnings	$ 120.4	$ 107.3	$ 13.1	12.2%		$ 218.2	$ 200.4	$ 17.8	8.9%	
Diluted EPS	$ 0.84	$ 0.66	$ 0.18	27.3%		$ 1.51	$ 1.22	$ 0.29	23.8%	

- Diluted EPS calculated using fully diluted shares of 142.9 million and 162.8 million shares in Q2 2013 and Q2 2012, respectively

- Flowserve repurchased 2,784,000 and 9,921,009 (3,307,003 pre-split)shares in Q2 2013 and Q2 2012, respectively

* Constant FX represents the year over year variance assuming 2013 results at 2012 FX rates

** YTD 2013 includes $10.3 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 $13.0 million YTD 2012

FLOWSERVE

Q2 2013 Cash Flows

($ millions)	Q2 2013	Q1 2013	YTD 2013	YTD 2012
Net Income	$ 121	$ 99	$ 220	$ 202
Depreciation and amortization	27	25	52	55
Change in working capital	(77)	(212)	(289)	(183)
Other	5	(20)	(15)	(14)
Total Operating Activities	**75**	**(108)**	**(33)**	**60**
Capital expenditures	(27)	(34)	(61)	(57)
Dispositions, acquisitions and other	0	36	36	2
Total Investing Activities	**(27)**	**2**	**(25)**	**(55)**
Payments on long-term debt	(5)	(5)	(10)	(13)
Dividends	(20)	(18)	(38)	(37)
Short-term financing, net	64	154	218	316
Repurchase of common shares	(150)	(156)	(306)	(433)
Total Financing Activities	**(111)**	**(25)**	**(136)**	**(167)**
Effect of exchange rates	**(2)**	**(4)**	**(6)**	**(1)**
Net Decrease in Cash	**$ (65)**	**$ (135)**	**$ (200)**	**$ (163)**

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