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; 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 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

• 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
Q1 2013 Financial Highlights

Reported EPS* of $2.01 including $0.28 of net gain related to joint venture transactions, substantially offset by $0.18 of currency related expenses in Other Expense, net and $0.06 negative foreign currency translation impact due to the stronger USD

- Compares to Q1 2012 reported EPS of $1.69, which included $0.13 of net gain related to sale of assets and $0.06 of currency related expenses in Other Expense, net

Bookings of $1.2 billion, down 4.4% versus prior year, or 3.5% on a constant currency basis

- Bookings increased 9.9% on a sequential basis
- Aftermarket bookings of $478 million increased 3.4%, or 4.0% on a constant currency basis
- As expected, no large projects were booked in Q1 but we continued to see progress from FEED to the bidding stage on projects we expect to be released in the latter half of the year
- Strength in general industries and water markets partially offset softness in the oil and gas, power and chemical markets

Gross margin of 34.0%, up 60 basis points versus prior year

- Improvement in EPD and IPD reflects disciplined project pursuit process and operational improvements

Operating margin of 15.5%, up 220 basis points versus prior year

- Adjusted operating margin improved 80 basis points to 13.1% excluding the impact of joint venture transactions, asset sales and transaction expenses in 2013 and 2012
- SG&A as a percent of sales declined 40 bps to 21.2%, excluding the impact of the $10.4 million gain on sale of assets in Q1 2012 and $1.7 million of transaction expenses related to joint venture transactions in Q1 2013

*Calculated using Q1 2013 fully diluted shares of 48.5 million
Business Outlook

Continued progress on driving internal improvement with One Flowserve leadership structure and leveraging best practices across our business

- Internal focus in 2012 delivering operational improvements 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

Solid first quarter slightly exceeded our initial expectations and provides momentum to deliver on the remainder of the year

Diverse end-market and geographic exposures continue to dampen risk and volatility as we anticipate improved project activity 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
One Flowserve approach delivers full suite of original equipment and aftermarket products and services to meet customer needs.
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

**Energy-focused End Markets**
- 2012 Bookings
- General Industries 22%
- O&G 41%
- Water 4%
- Chemical 19%
- Power 14%

**Geographic Exposure**
- 2012 Sales
- North America 33%
- Asia Pacific 20%
- Europe 21%
- Middle East & Africa 16%
- Latin America 10%

**Diverse OE / AM Mix**
- 2012 Sales
- OE- Short Cycle / Recurring ~40%
- OE-Large Project ~20%
- AM 41%
- OE 59%

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

Pump, valve & seal spend shifting toward developing markets, but significant opportunities found in both developing & mature regions.
Long Cycle Infrastructure Investment Drivers

**Historical Primary Driver**
- **Profit**: Shareholder Value Internal Rate of Return

**Increasing Drivers of Investments**
- **Demographics**: Population Growth Industrialization Rural to Urban Move Middle Class Rise
- **Aging Infrastructure**: Refurbishment Efficiency Upgrade Optimization Feedstock changes
- **Independence**: Diversification Energy Security Environmental Nationalism
- **Economic Growth**: Job Creation Political Stability Social Stability Localization

**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

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)

5-Year CAGR *

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
1,551 1,706 1,860 1,935

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
- Materials & Products
- Emerging Regions
- Supplier Development
- People, Process, Tools

Quality
- Scrap
- Rework
- Warranty
- Engineering Time
- Management Time
- Shop & Field Time
- Increased Inventory
- Decreased Capacity
- Air Freight
- Delivery Problems
- Lost Orders
- Customer Turnover
- Employee Attrition

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...

Low Cost Sourcing Spend (% of total spend)

Strategic initiatives aligned to deliver KPI’s
## Strategic Localization: Key to Accelerated Growth

Building local capabilities is foundational to our global plan.

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

Brazil
Russia
India
China
Middle East
Structured for Growth
66 Manufacturing / 177 QRC Sites Globally
*Excludes non-consolidated JV operations
Strong Annual Financial Performance

Sales

Operating Results
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

<table>
<thead>
<tr>
<th>Category</th>
<th>2006-2012</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share Repurchases &amp; Dividends</td>
<td>$1.62B</td>
<td>48%</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>$744M</td>
<td>22%</td>
</tr>
<tr>
<td>Acquisitions, net of divestitures</td>
<td>$278M</td>
<td>8%</td>
</tr>
<tr>
<td>Debt Payment &amp; Elimination of Factoring</td>
<td>$252M</td>
<td>7%</td>
</tr>
<tr>
<td>U.S. Pension Contributions</td>
<td>$237M</td>
<td>7%</td>
</tr>
<tr>
<td>Realignment</td>
<td>$77M</td>
<td>2%</td>
</tr>
<tr>
<td>Increase in Cash</td>
<td>$208M</td>
<td>6%</td>
</tr>
</tbody>
</table>
Progress on Capital Structure

• 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 $1.68 per share in 2013 from $0.60 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
EPS Seasonally Second-Half Weighted

(Quarterly Earnings Per Share - diluted)

Full Year EPS
- 2009: $7.59
- 2010: $6.88
- 2011: $7.64
- 2012: $8.51

Note: Sum of quarters may not equal full year due to share repurchases and the associated average share counts for the respective periods.
## 2013 Guidance Range

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2013 EPS</strong> ¹</td>
<td>$9.60 – $10.60</td>
</tr>
<tr>
<td><strong>Revenue Growth</strong> ²</td>
<td>4 – 6%</td>
</tr>
<tr>
<td><strong>Tax Rate</strong></td>
<td>~30%</td>
</tr>
<tr>
<td><strong>Capital Expenditures</strong></td>
<td>$120 – $130M</td>
</tr>
<tr>
<td><strong>Pension Contributions</strong></td>
<td>$25 – $30M</td>
</tr>
<tr>
<td><strong>Capital Returned to Shareholders</strong> ³</td>
<td>$425 – $475M</td>
</tr>
<tr>
<td><strong>Longer Term Guidance:</strong></td>
<td></td>
</tr>
<tr>
<td>1-2 Year Operating Margin Improvement (from 2012 levels)</td>
<td>100 – 200 bps</td>
</tr>
<tr>
<td><strong>SG&amp;A as a Percent of Sales</strong></td>
<td>18%</td>
</tr>
</tbody>
</table>

¹ Reaffirmed as of April 25, 2013. Includes $0.28 net gain on joint venture transactions and $0.24 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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mnullin@flowserve.com
APPENDIX
Q1 2013 – Consolidated Bookings & Sales

**BOOKINGS**

<table>
<thead>
<tr>
<th></th>
<th>Original Equipment</th>
<th>Aftermarket</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2013</td>
<td>60%</td>
<td>40%</td>
<td>$1.19B</td>
</tr>
<tr>
<td>Q1 2012</td>
<td>63%</td>
<td>37%</td>
<td>$1.25B</td>
</tr>
</tbody>
</table>

**SALES**

<table>
<thead>
<tr>
<th></th>
<th>Original Equipment</th>
<th>Aftermarket</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2013</td>
<td>58%</td>
<td>42%</td>
<td>$1.10B</td>
</tr>
<tr>
<td>Q1 2012</td>
<td>59%</td>
<td>41%</td>
<td>$1.07B</td>
</tr>
</tbody>
</table>

**Bookings**

Bookings in Q1 2013 decreased 4.4%, 3.5% on a constant currency basis, driven by the oil and gas industry in EPD and IPD, partially offset by an increase in the oil and gas industry in FCD and general industries in EPD and FCD

- Regionally, bookings growth into North America and Latin America more than offset by decreases into Europe, Asia Pacific and the Middle East & Africa

**Sales**

Sales in Q1 2013 increased 2.0%, 2.9% on a constant currency basis, driven primarily by increased aftermarket sales in FCD

- Regionally, sales increase driven by North America and Africa

**Sources:** Flowserve Internal Data

**Experience In Motion**
OIL & GAS
- Long-term oil & gas demand outlook continues to support healthy investment programs; upstream attracting largest share of spend
- New refining capacity additions in the Middle East & BRIC countries; growing preference for cleaner fuels also spurs investment
- Strong & continued activity in North American unconventional resources drives many midstream and downstream projects

POWER
- Slow economic growth has significantly reduced new capacity investments; most opportunities in emerging markets or environment-based
- Coal-fired power investment concentrated in China, India and Russia; gas-fired and renewables in North America, Western Europe & Middle East
- Nuclear power still in transition and current activity mixed; progress taking place in some parts of Europe and Asia

CHEMICAL
- Positive chemical demand outlook given infrastructure and consumer spending in emerging markets and improvements in the U.S. economy
- Expansion in chemical industry capacity continues, primarily in Asia Pacific, Middle East & North America

GENERAL INDUSTRIES
- Miners investing more carefully now, but favorable long-term outlook driven by demand from China and other emerging markets
- Latin America a key copper mining market; China, Australia and South Africa also important producers of minerals

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

Q1 2013 Sales & Regional Outlook

North America
- Unconventional oil & gas activity resulting in strong pipeline, storage and NGL spend; new LNG export terminals under consideration
- Aggressive investment in U.S. petrochemicals given low-cost shale gas feed stocks

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

Middle East
- About one-third of new global refining capacity forecasted in Middle East & Africa over next few years
- As part of an economic diversification strategy, the region is building petrochemicals and rebalancing its power generation mix

Asia-Pacific
- Expect highest level of 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, Flowservice internal data
Q1 2013 - Consolidated Financial Results

<table>
<thead>
<tr>
<th>($ millions)</th>
<th>2013</th>
<th>2012</th>
<th>Delta ($)</th>
<th>Delta (%)</th>
<th>Constant FX (%)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bookings</td>
<td>$1,190.0</td>
<td>$1,245.0</td>
<td>$(55.0)</td>
<td>(4.4%)</td>
<td>(3.5%)</td>
</tr>
<tr>
<td>Sales</td>
<td>$1,096.6</td>
<td>$1,075.0</td>
<td>$21.6</td>
<td>2.0%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>$373.3</td>
<td>$359.2</td>
<td>$14.1</td>
<td>3.9%</td>
<td></td>
</tr>
<tr>
<td>Gross Margin (%)</td>
<td>34.0%</td>
<td>33.4%</td>
<td></td>
<td></td>
<td>60 bps</td>
</tr>
<tr>
<td>SG&amp;A</td>
<td>$234.5</td>
<td>$221.9</td>
<td>$12.6</td>
<td>5.7%</td>
<td>5.0%</td>
</tr>
<tr>
<td>SG&amp;A (%)</td>
<td>21.4%</td>
<td>20.6%</td>
<td></td>
<td></td>
<td>80 bps</td>
</tr>
<tr>
<td>Income from Affiliates</td>
<td>$31.7</td>
<td>$5.2</td>
<td>$26.5</td>
<td>509.6%</td>
<td></td>
</tr>
<tr>
<td>Operating Income</td>
<td>$170.5</td>
<td>$142.5</td>
<td>$28.0</td>
<td>19.6%</td>
<td>22.6%</td>
</tr>
<tr>
<td>Operating Margin (%)</td>
<td>15.5%</td>
<td>13.3%</td>
<td></td>
<td></td>
<td>220 bps</td>
</tr>
<tr>
<td>Other Expense, net**</td>
<td>$(11.0)</td>
<td>$(4.9)</td>
<td>$(6.1)</td>
<td>(124.5%)</td>
<td></td>
</tr>
<tr>
<td>Tax Expense</td>
<td>$48.7</td>
<td>$35.5</td>
<td>$13.2</td>
<td>37.2%</td>
<td></td>
</tr>
<tr>
<td>Net Earnings</td>
<td>$97.8</td>
<td>$93.1</td>
<td>$4.7</td>
<td>5.0%</td>
<td></td>
</tr>
<tr>
<td>Diluted EPS</td>
<td>$2.01</td>
<td>$1.69</td>
<td>$0.32</td>
<td>18.9%</td>
<td></td>
</tr>
</tbody>
</table>

- Diluted EPS calculated using fully diluted shares of 48.5 million and 55.0 million shares in Q1 2013 and Q1 2012, respectively
- Flowserve repurchased 992,368 and 185,000 shares in Q1 2013 and Q1 2012, respectively
* Constant FX represents the year over year variance assuming 2013 results at 2012 FX rates
** Q1 2013 includes $10.8 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 $4.8 million in Q1 2012
### Q1 2013 Cash Flows

<table>
<thead>
<tr>
<th>($ millions)</th>
<th>Q1 2013</th>
<th>Q1 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>$ 99</td>
<td>$ 94</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>25</td>
<td>28</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>(212)</td>
<td>(214)</td>
</tr>
<tr>
<td>Other</td>
<td>(20)</td>
<td>(16)</td>
</tr>
<tr>
<td><strong>Total Operating Activities</strong></td>
<td><strong>(108)</strong></td>
<td><strong>(108)</strong></td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>(34)</td>
<td>(29)</td>
</tr>
<tr>
<td>Dispositions, acquisitions and other</td>
<td>36</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total Investing Activities</strong></td>
<td>2</td>
<td>(27)</td>
</tr>
<tr>
<td>Payments on long-term debt</td>
<td>(5)</td>
<td>(6)</td>
</tr>
<tr>
<td>Dividends</td>
<td>(18)</td>
<td>(17)</td>
</tr>
<tr>
<td>Proceeds from revolving credit facility and other</td>
<td>154</td>
<td>11</td>
</tr>
<tr>
<td>Repurchase of common shares</td>
<td>(156)</td>
<td>(22)</td>
</tr>
<tr>
<td><strong>Total Financing Activities</strong></td>
<td><strong>(25)</strong></td>
<td><strong>(34)</strong></td>
</tr>
<tr>
<td>Effect of exchange rates</td>
<td>(4)</td>
<td>4</td>
</tr>
<tr>
<td>Net Decrease in Cash</td>
<td>$ (135)</td>
<td>$ (165)</td>
</tr>
</tbody>
</table>

**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**