FLOWSERVE CORPORATION

(NYSE: FLS)

Gabelli Pump, Valve & Water Systems Symposium

February 26, 2015

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.

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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 20,200 employees***
  - 71 manufacturing facilities and 175 aftermarket Quick Response Centers (QRCs) with Flowserve employees in more than 50 countries
  - SIHI Group acquisition in January 2015 includes 28 facilities (15 service center)
- **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**

* Includes approximately 1,700 SIHI employees

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

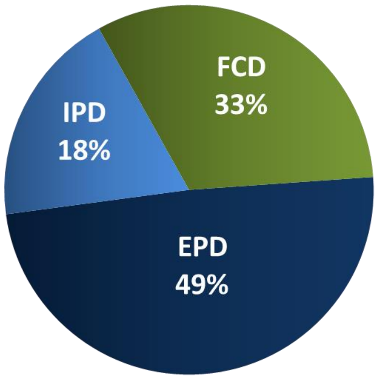
Business Outlook

- Disciplined focus on profitable growth
  - Diverse, attractive end markets
  - Opportunities to accelerate our resilient aftermarket franchise growth
  - Leverage significant competitive advantages including flexible operating platform, broad product portfolio and worldwide installed base
  - R&D investment and new product development
  - Strong financial position to invest in growth, organic and inorganic
- Continued internal focus and success of ***"One Flowserve"*** strategies driving strong, consistent execution
  - Internal progress supports increased focus on growth including inorganic growth opportunities with lower integration risk
  - Performance culture continues to improve our capabilities to meet and exceed customer requirements
- Diverse end-market and geographic exposures continue to dampen risk and volatility and provide opportunities across our global energy markets
- Disciplined focus on return on assets drives capital allocation, portfolio optimization and return for shareholders

Diversified Business Model

Segment Breakdown

2014 Sales - $4.9B



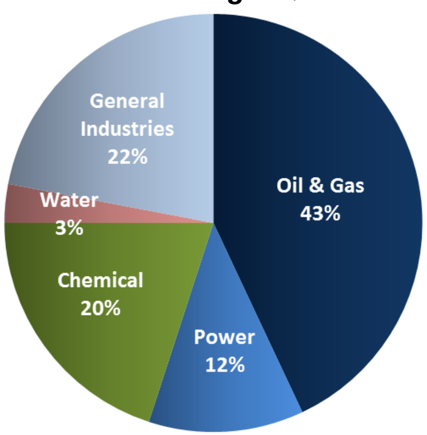
Diverse mix of products, end markets and geographies provided earnings stability through the cycle and decreases risk profile

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

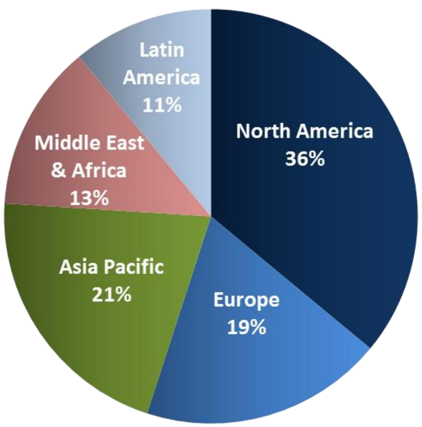
Energy-focused End Markets

2014 Bookings - $5.2B



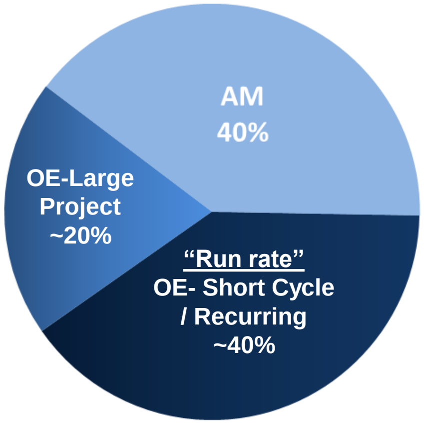
Geographic Exposure

2014 Sales



Diverse OE / AM Mix

2014 Sales



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

Resiliency of Business

Traditional mix of sales		Recent years' mix of sales	
~20%	OE large projects	Has trended lower: only 10-15%	• New capacity – greenfield / brownfield expansion • Typically large, longer lead-time OE projects • E&C driven, highly engineered • Tend to cut across multiple FLS divisions
~40%	Run-rate OE: short cycle, recurring	Has trended higher	• Replacing / adding equipment in existing infrastructure • Shorter lead-time • Typically customer direct
~40%	Aftermarket	Has trended higher	• Parts, repairs, spares, MRO spending • Leverages FLS' network of Quick Response Centers and associated talent • Service and response time critical

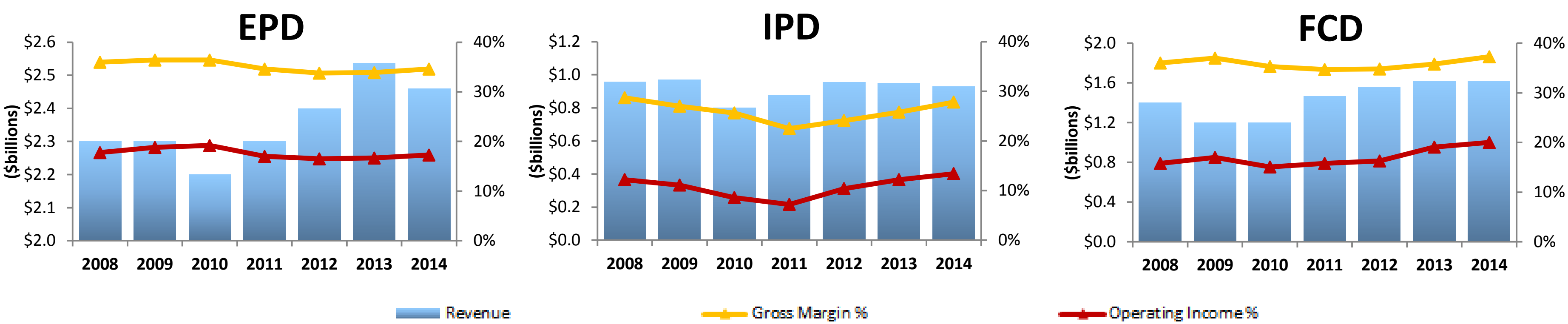
Approximately 80% of business is traditionally aftermarket or run-rate original equipment → stability and resiliency

Projected Impact of Oil Price Declines

	Market	Typical share of FLS bookings	Expected Impact to FLS: Project OE	Expected Impact to FLS: Run-rate OE	Expected Impact to FLS: AM	Recent observations / expectations
Oil & Gas	***Downstream O&G***	High	Negative to neutral	Neutral	Neutral	• Integrated (Int'l) oil companies to be impacted; NOCs and independents less so
Oil & Gas	***Midstream O&G***	Low	Negative to neutral	Neutral	Neutral	• Less impact vs. upstream
Oil & Gas	***Upstream (E&P) O&G***	Low	–	Negative to neutral	Negative to neutral	• Exploration projects to be impacted • Low extraction cost regions to be less impacted
	Chemical	High	+	+	+	• Lower cost natural gas and naphtha feedstocks • Demand for chemicals could increase • Budgets will be managed tightly
	Power	Medium	+	+	+	• Lower cost natural gas feedstock • Demand for power could increase
	Water	Low	Neutral	Neutral	Neutral	• Demand could increase due to benefit to GDP • Limited correlation with oil prices
	General industries	High	+	+	+	• Lower energy costs could be a positive • More GDP dependent • Paper, Distribution, F&B, Ag, Mining, etc.

While oil price impacts FLS' business, our diverse exposures, aftermarket and run-rate original equipment provide stability

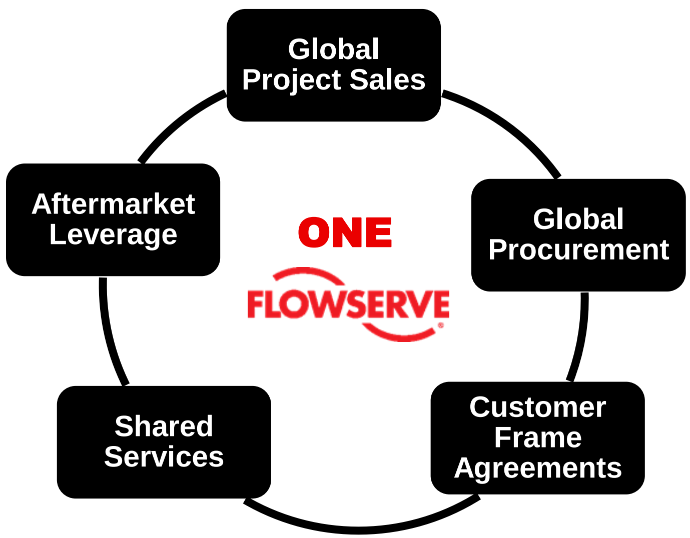
Broad Flow Control Platform



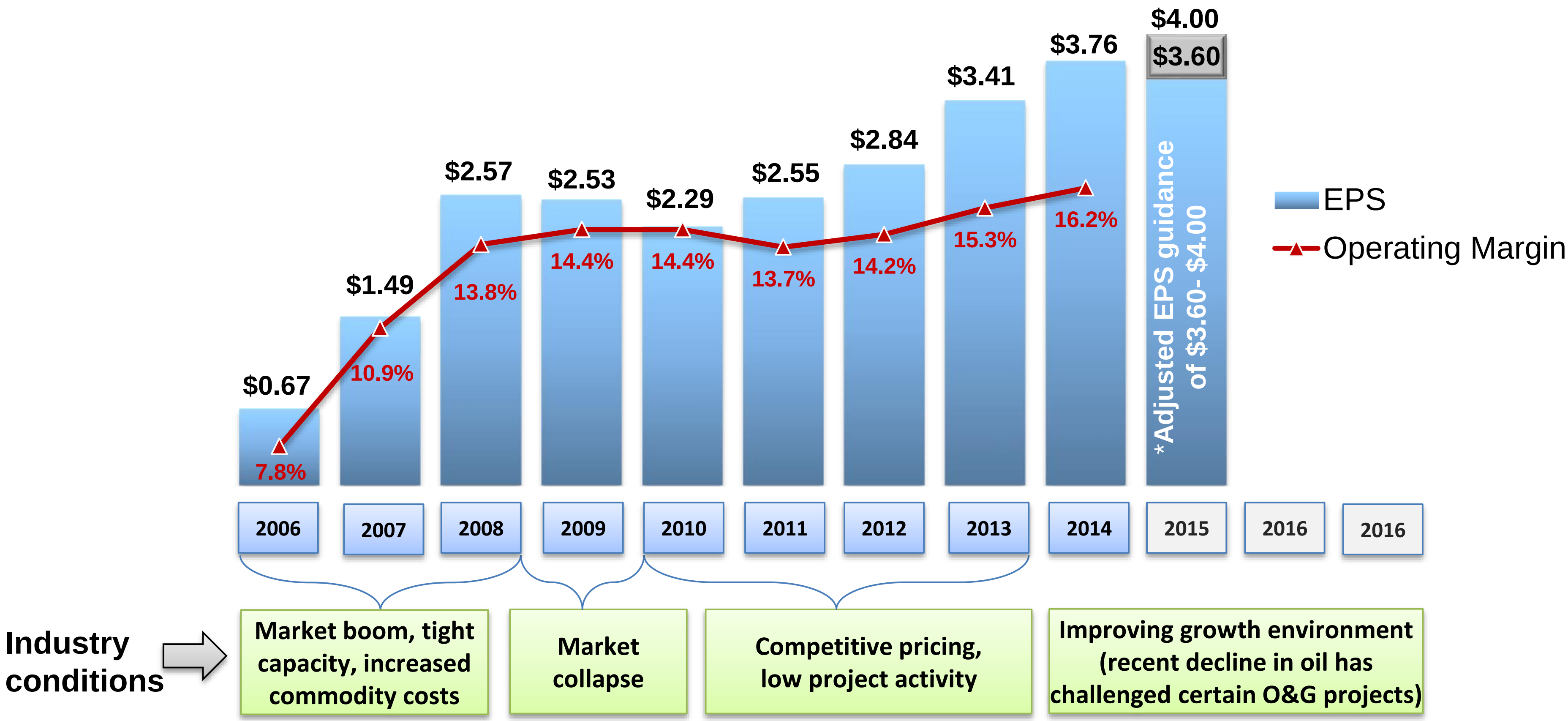
EPD
- Engineered Custom
- Late and long cycle-business
- Growing market share
- Solid aftermarket
- Direct sales to customers

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

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



Earnings Stability Through the Cycle



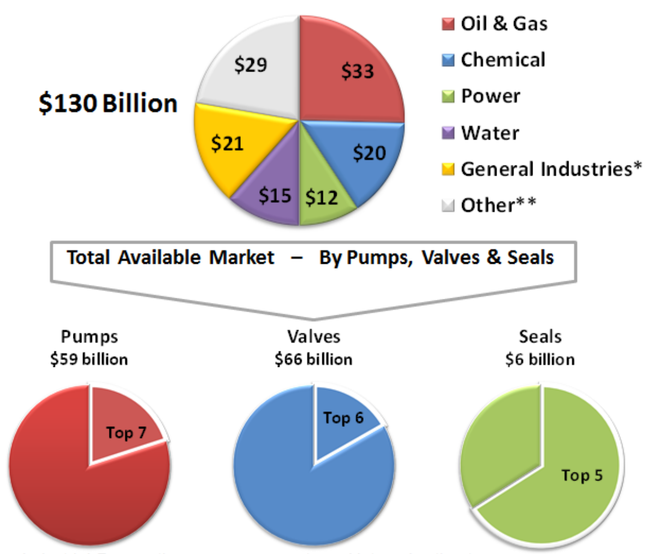
* 2015 Adjusted EPS guidance excludes estimated $0.25 dilutive impact of SIHI Group acquisition and includes approximately $0.20 above-the-line foreign currency impact assuming year-end 2014 foreign. currency exchange rates

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

Flowserve's Served Market

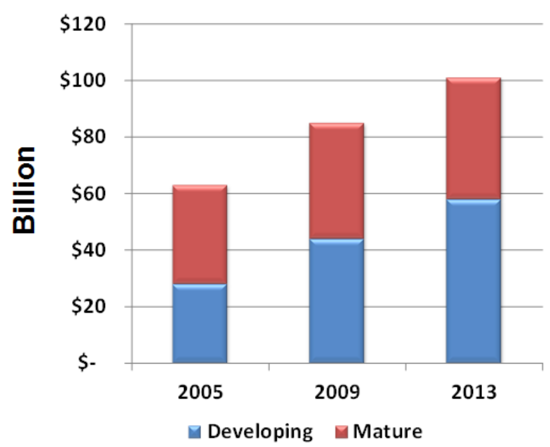
- Flowserve offers the market a broad range of flow control products
- Served markets represent ~75% of total available market
- Pump, valve & seal spend increasingly taking place in developing regions
- Developing markets accounted for nearly 60% of 2013 spend

Total Available Market



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

Served† Market for Pumps, Valves & Seals



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

Large OE Activity Announcements

FLUOR

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

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

FLOWSERVE

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

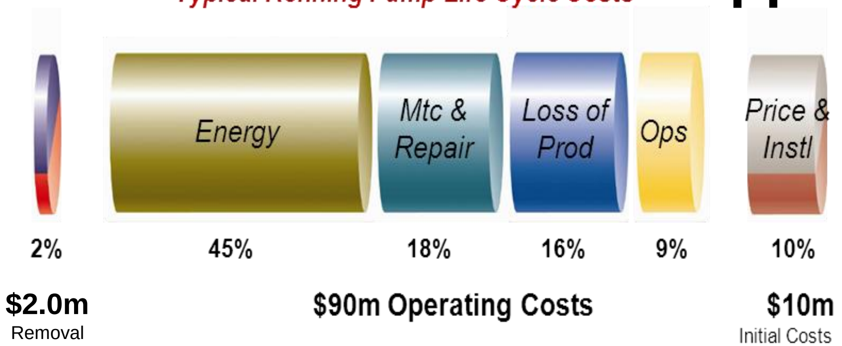
Assets	Total	NA	LA	EMA	AP	SIHI	Inc'l SIHI
Employees*	18,500	6,345	2,005	6,630	3,520	1,700	20,200
Mfg Sites	71	20	7	28	16	13	84
QRCs**	175	58	23	51	43	15	190

Flowserve's 274 facilities provide manufacturing and service to support customers worldwide and optimize our asset base

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

Proximity to Customers Provides Aftermarket Opportunities

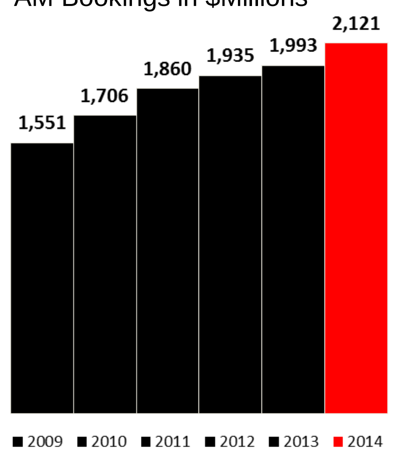
Typical Refining Pump Life Cycle Costs



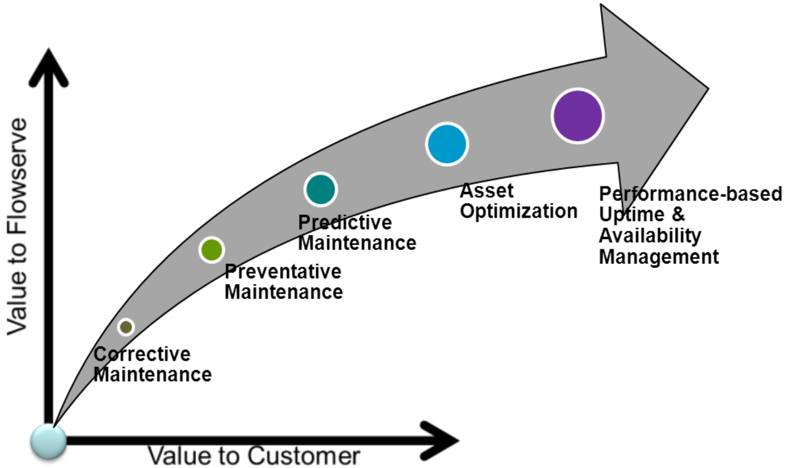
End user customers vary in maintenance philosophies

2010 – 2014 AM CAGR = 6.5%

AM Bookings in $Millions



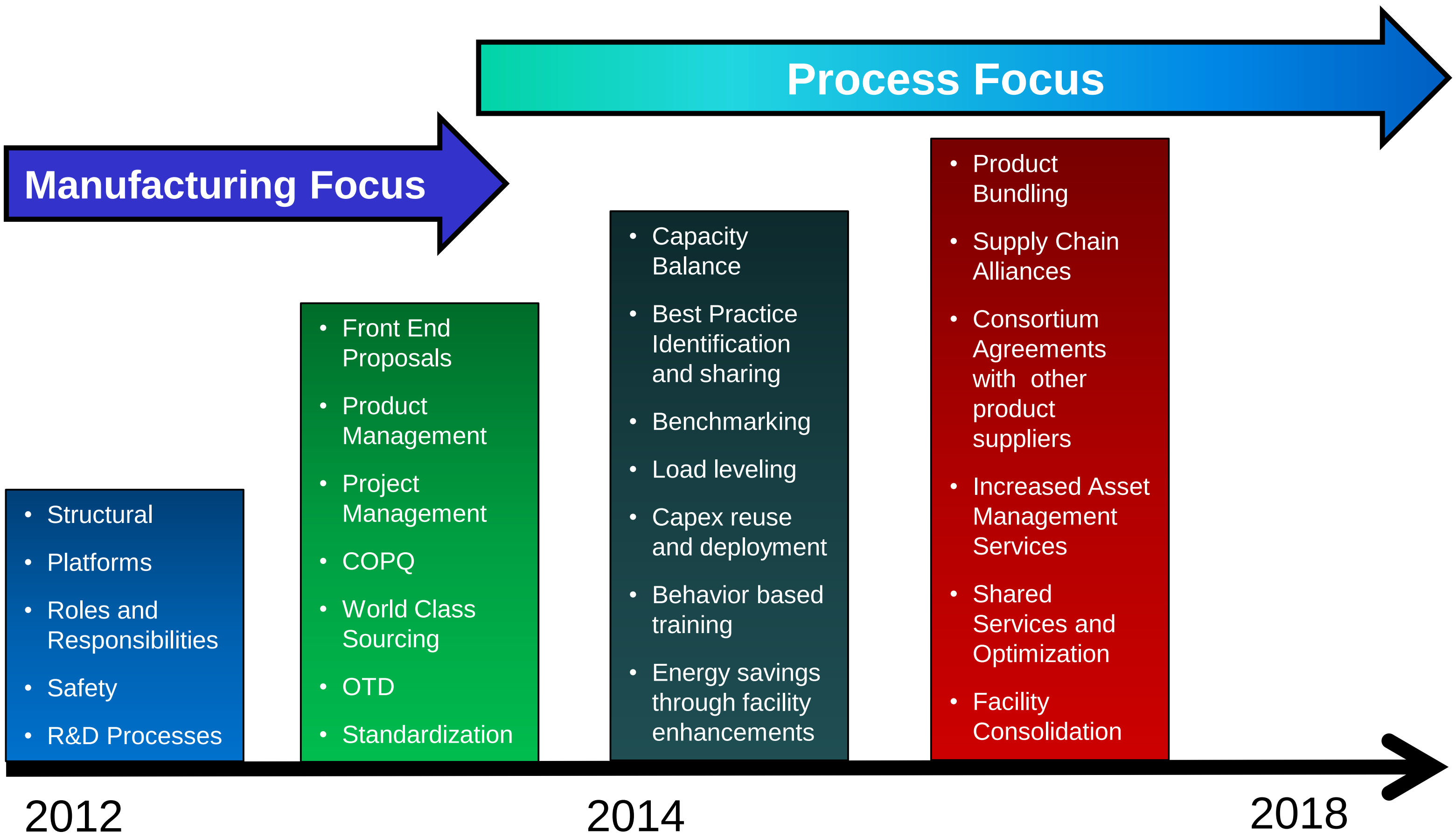
End-user customers typically experience approximately nine times the initial purchase and installation costs over the equipment's operating life



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



Expanding CIP throughout the business

Targeting Acquisitions to Leverage Competitive Advantages

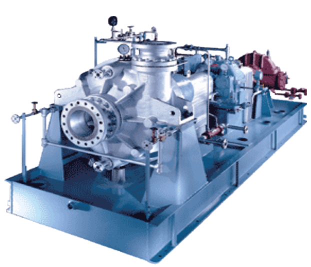
SIHI

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

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

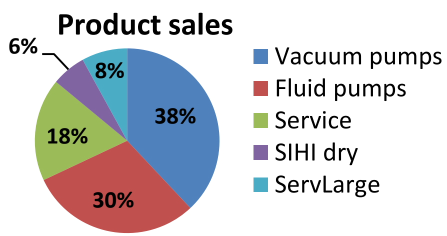
Valbart

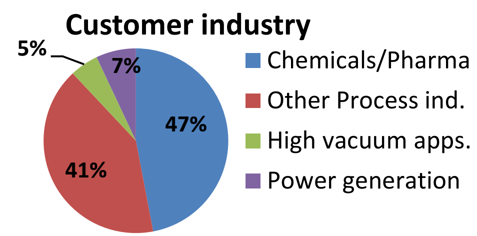
2010 Acquisition
Cash Paid - $199.4M
Price/EBITDA – 8.1x

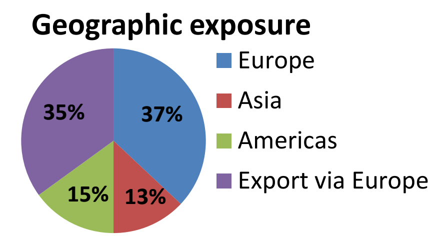
SIHI Overview

- 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





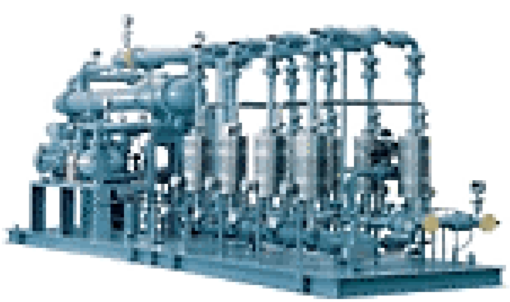


Locations and employees

- 28 Facilities: Germany (3), 1 each in Spain, Belgium, The Netherlands, US, France, Canada, Colombia, China, Thailand, with foundry in UK and 15 service centers around the world
- Employees: ~1,700

Est. 2014 key financial information

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

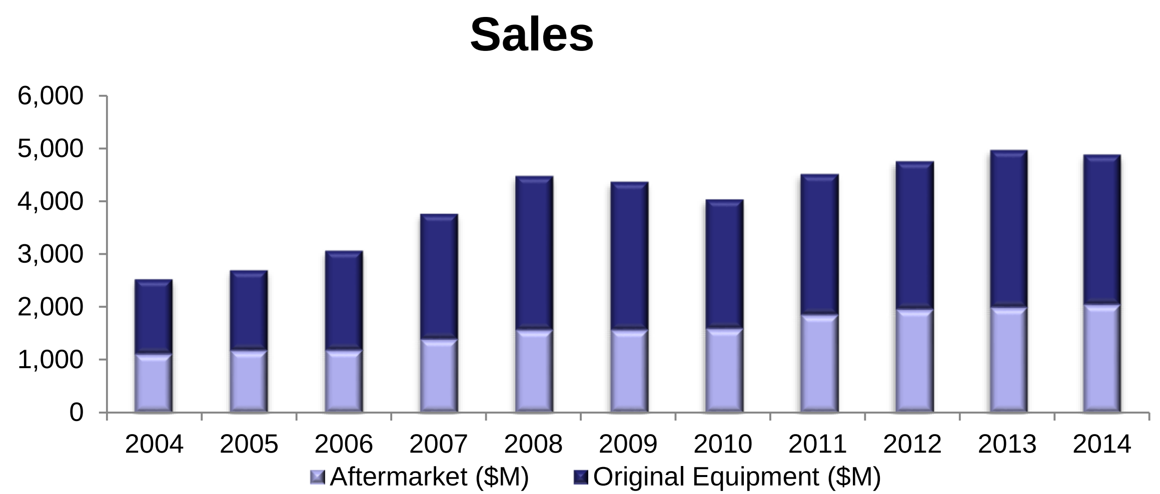


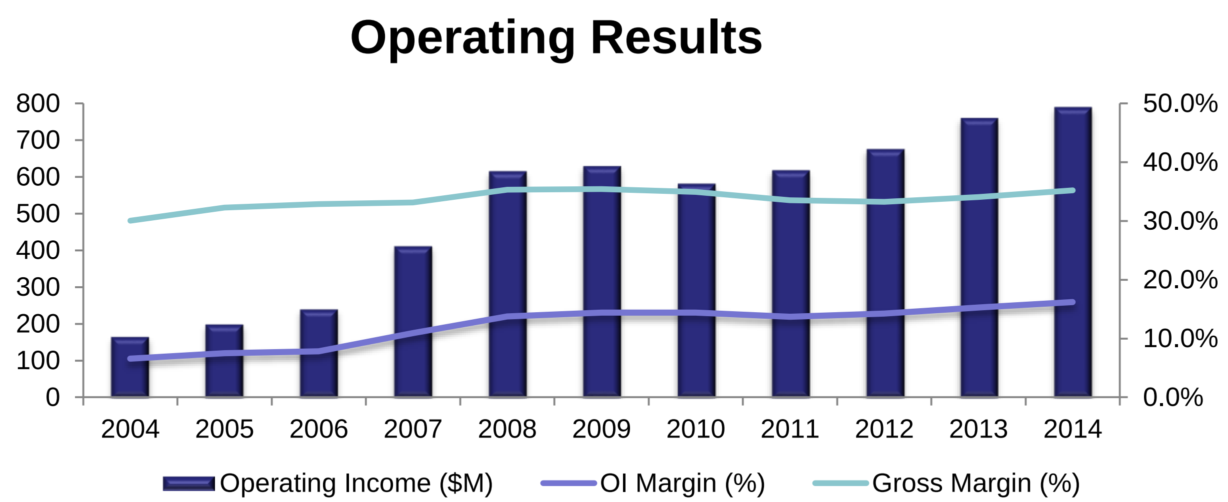
SIHI Exemplifies M&A Strategy

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

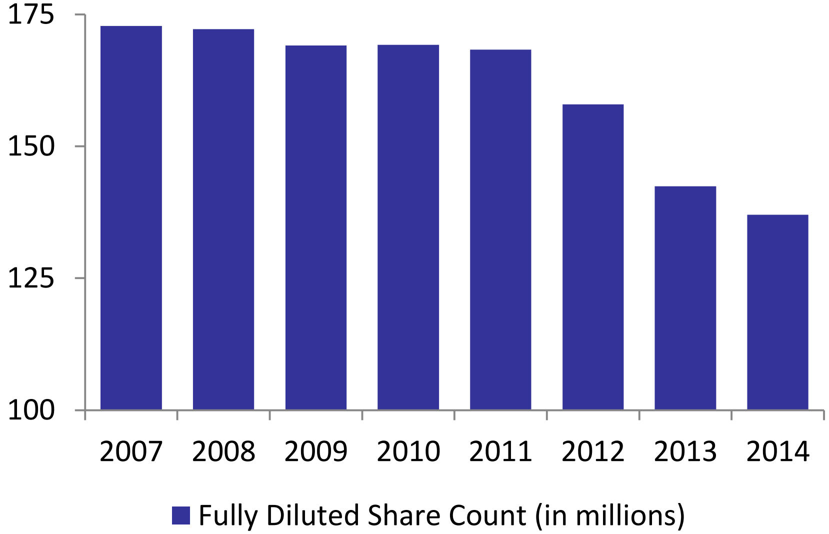
Strong Annual Financial Performance

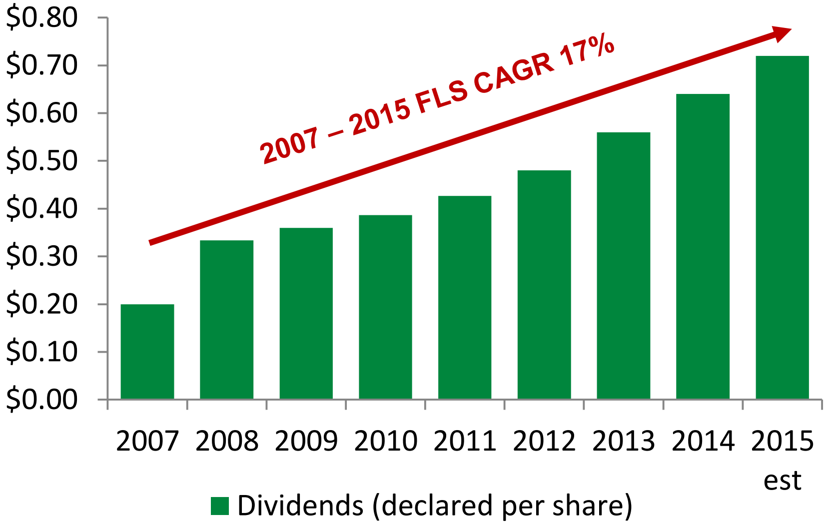




Consistent Returns to Shareholders

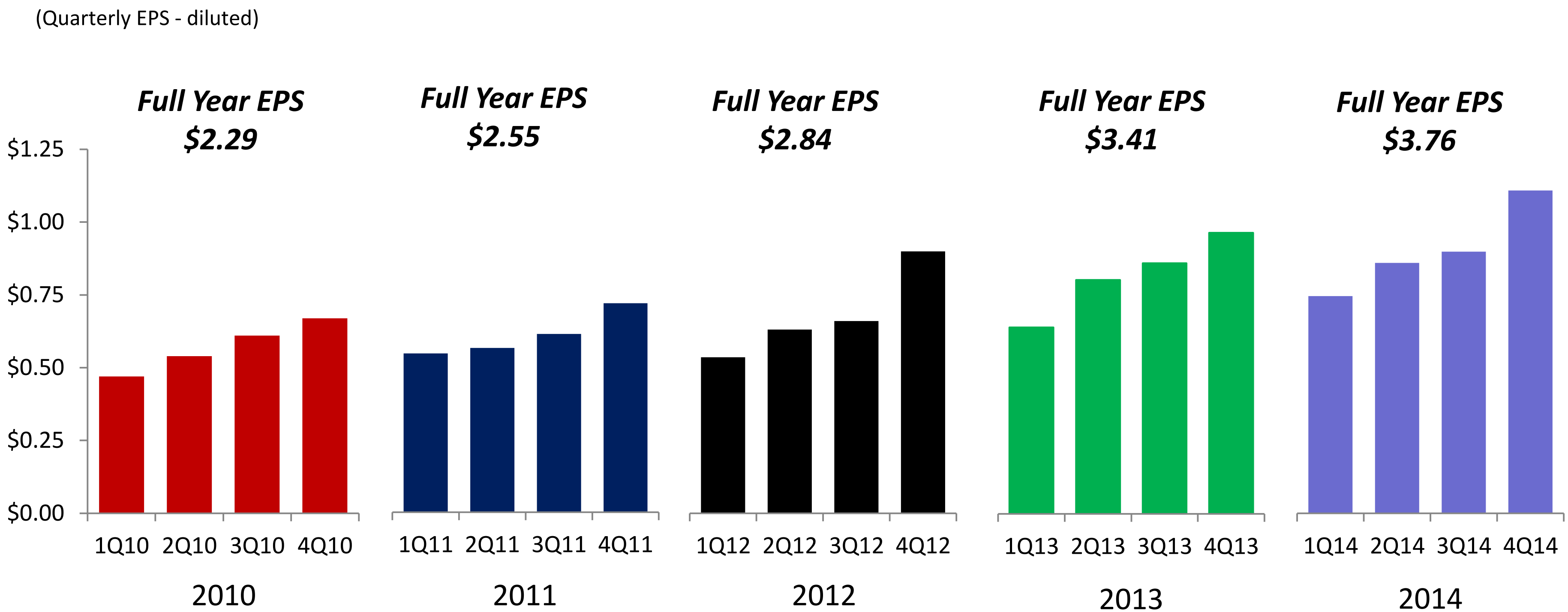
- Total diluted share count has been reduced by approximately 20% since 2005
- Cumulative annual declared dividends increased 360% to the anticipated $0.72 per share in 2015 from $0.20 per share in 2007





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

EPS Seasonally Second-Half Weighted



Earnings continue to be seasonal, 2015 first half is also expected to experience largest year-over-year challenges due to FX headwinds and business sale in Q1 2014

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

Q4 2014 Financial Highlights

- Fourth quarter EPS* of $1.16, up 14.9%, compared to $1.01 prior year EPS
- Strong bookings of $1.32 billion, up 5.6% versus prior year, or 11.2% on a constant currency basis
    - Original equipment bookings of $768 million, increased roughly 6.4%, or 12.5% on a constant currency basis
    - Aftermarket bookings of $554 million, increase of 4.4%, or 9.5% on a constant currency basis
    - Strength in all end markets with the exception of water
- Gross margin improvement of 130 basis points to 35.2%, driven by 410 bps and 160 bps improvement in IPD and FCD, respectively
- Operating margin of 17.3%, increased 200 basis points versus prior year
- Backlog of $2.7 billion increased $147.3 million, or 5.8% versus Q4 2013 or 11.8% on a constant currency basis – supports 2015 guidance

*Calculated using Q4 2014 fully diluted shares of $137.0 million

2015 Outlook

2015 Adjusted EPS [1]	$3.60 – $4.00
Revenue Growth [2]	Down 1% to Up 3%
Net Interest Expense [3]	$64 – $66 M
Tax Rate	30% – 31%
Capital Expenditures	$150 – $160 M
Pension Contributions	$30 – $35 M
Scheduled Debt Reduction	$45 M
Longer Term Guidance:	
SG&A as a Percent of Sales	18%

[1] 2015 Adjusted EPS guidance excludes estimated $0.25 dilutive impact of the SIHI Group acquisition and includes approximately $0.20 negative above-the-line foreign currency impact assuming year-end 2014 foreign exchange rates. 2015 first half is also expected to experience largest year-over-year challenges due to FX headwinds and gain on sale of business in Q1 2014.

[2] 2015 revenue growth guidance excludes SIHI Group expected revenue and assumes year-end 2014 foreign currency exchange rates.

[3] 2015 net interest expense guidance includes expected additional interest expense related to financing the acquisition of SIHI Group.

FLOWSERVE

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APPENDIX

Substantial OE Opportunities from New Infrastructure

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

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

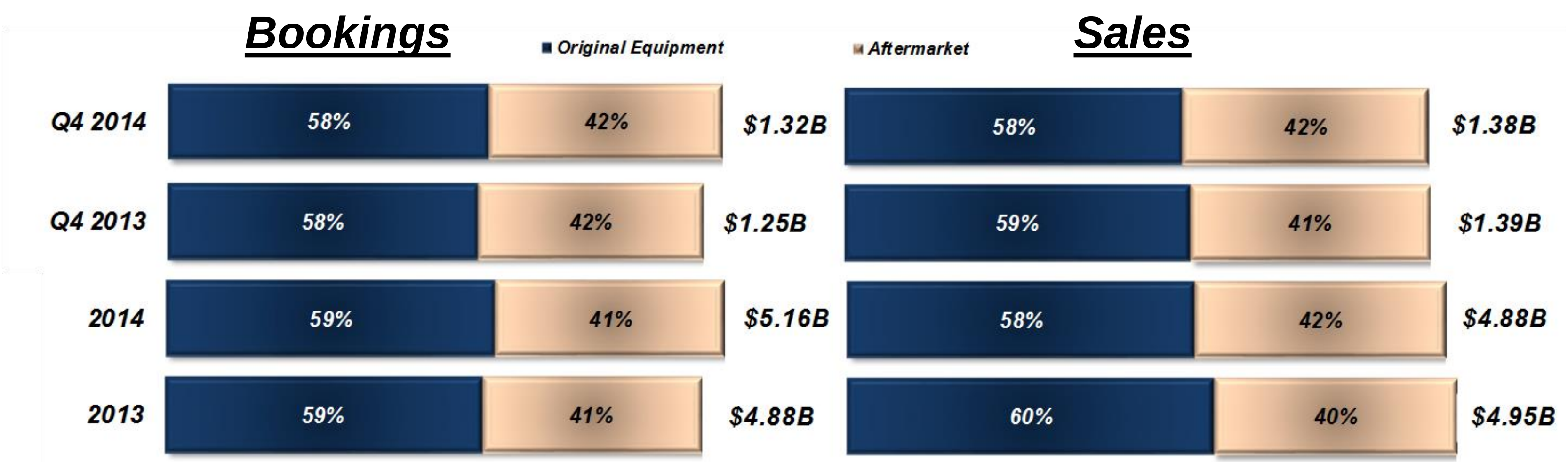
Coal Power Station - 600MW
$30m - $40m

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

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

Global Infrastructure build drives project growth and installed aftermarket base

Full Year & Q4 2014 – Consolidated Bookings & Sales



Bookings

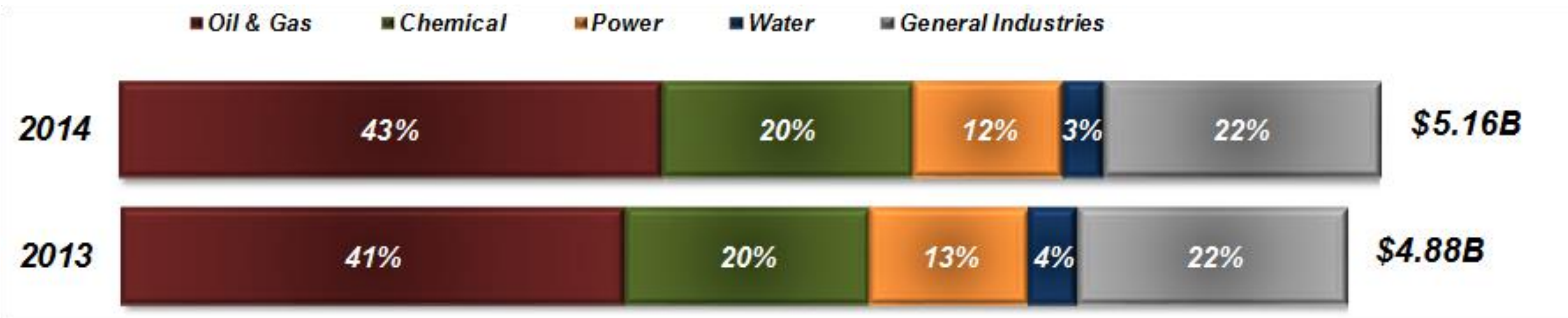
- Bookings in Q4 2014 increased 5.6%, or 11.2% on a constant currency basis, driven by strength in all industries with the exception of water
  - Original equipment bookings increased 6.4%, or 12.5% constant currency
  - Aftermarket bookings increased 4.4%, or 9.5% constant currency

Sales

- Sales in Q4 2014 decreased 0.6%, or increased 5.6% on a constant currency basis, driven primarily by lower original equipment sales
  - Regionally, strong sales in North America were offset by decreased sales in all other regions

Sources: Flowserve Internal Data

2014 Bookings & Industry Outlook



OIL & GAS

- *Oil & gas investment remained strong in 2014 despite geopolitical conflicts in key energy producing regions and downturn in oil prices*
- *Uncertainty around oil prices leading to greater spending discipline by oil & gas companies, particularly in their upstream businesses*
- *Global refining market driven by new capacity in emerging markets, clean fuels initiatives around the world and processing activity in U.S.*

POWER

- *Many factors drive new power capacity, including emerging market economic development, environmental factors and age of infrastructure*
- *Asia Pacific accounts for the largest share of new nuclear and coal-fired power generation opportunities worldwide*
- *Natural gas combined-cycle continues to gain share of actual generation and new capacity additions in North America*

CHEMICAL

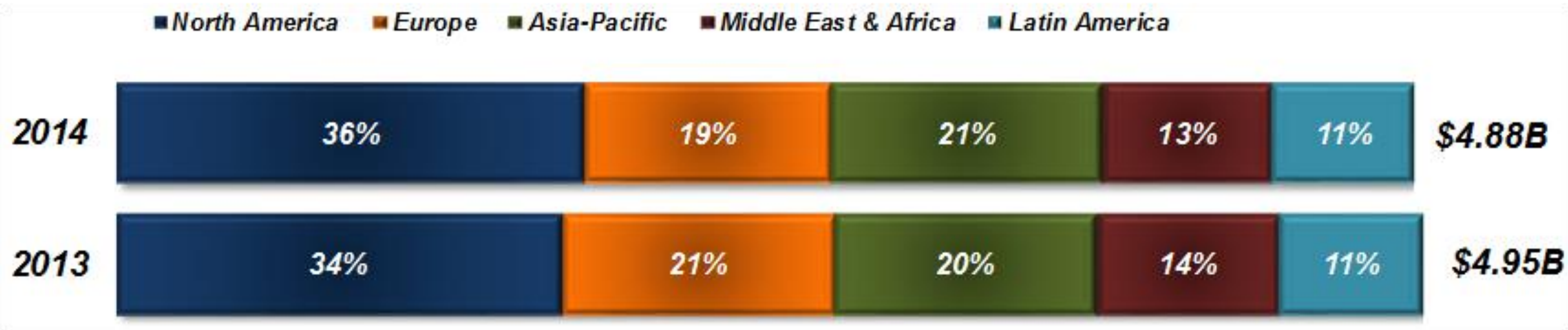
- *Strong North American market conditions for petrochemicals and derivatives given low-cost natural gas feedstock*
- *Majority of new chemical capacity still being developed in BRIC countries and other developing economies*

GENERAL INDUSTRIES

- *Good levels of business activity in general industries during 2014, particularly in developed regions*
- *Favorable long-term prospects in mining driven by emerging market demand and need for replacement capacity*

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

2014 Sales & Regional Outlook



NORTH AMERICA

- *Strong growth during 2014 but some uncertainty ahead due to oil price environment*
- *Good momentum in U.S. petrochemicals due to cost advantages, derivatives build out and general economic expansion*
- *Environmental factors & flat demand drive closure of older coal-fired units, conversion of coal units to natural gas & addition of combined-cycle units*

EUROPE

- *Fragile economic conditions because of difficulties in the Euro zone and political tensions in Russia*
- *Fossil-fuel power investment in Europe driven by favorable economics and the region's partial retreat away from nuclear power generation*

MIDDLE EAST & AFRICA

- *Oil & gas industry activity throughout Persian Gulf and North Africa remains solid in aftermarket and small project opportunities*
- *Favorable conditions for chemicals and general industries given the region's development toward downstream diversification*

ASIA-PACIFIC

- *New coal-fired power plant additions; environmental and diversification factors support growth in other power technologies as well*
- *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

- *Positive energy market developments in Mexico and elsewhere; challenges in Brazil*
- *A key mining market, particularly for copper; industry spend on projects restrained*

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

Q4 & Full Year 2014 Consolidated Financial Results

($ millions)	4th Quarter 2014	4th Quarter 2013	4th Quarter Delta ($)	4th Quarter Delta (%)	4th Quarter Constant FX (%)*	Full Year 2014	Full Year 2013	Full Year Delta ($)	Full Year Delta (%)	Full Year Constant FX (%)*
Bookings	$ 1,322.3	$ 1,252.6	$ 69.7	5.6%	11.2%	$ 5,161.0	$ 4,881.4	$ 279.6	5.7%	8.0%
Sales	$ 1,381.4	$ 1,389.4	$ (8.0)	(0.6)%	5.6%	$ 4,877.9	$ 4,954.6	$ (76.7)	(1.5)%	0.7%
Gross Profit	$ 485.7	$ 470.5	$ 15.2	3.2%		$ 1,714.6	$ 1,688.1	$ 26.5	1.6%	
Gross Margin (%)	35.2%	33.9%		130 bps		35.2%	34.1%		110 bps	
SG&A	$ 251.6	$ 260.6	$ (9.0)	(3.5)%	1.1%	$ 936.9	$ 966.8	$ (29.9)	(3.1)%	(1.5)%
SG&A (%)	18.2%	18.8%		(60 bps)		19.2%	19.5%		(30 bps)	
Income from Affiliates	$ 4.7	$ 3.0	$ 1.7	56.7%		$ 12.1	$ 39.0	$ (26.9)	(69.0)%	
Operating Income	$ 238.7	$ 212.9	$ 25.8	12.1%	20.2%	$ 789.8	$ 760.3	$ 29.5	3.9%	7.0%
Operating Margin (%)	17.3%	15.3%		200 bps		16.2%	15.3%		90 bps	
Other Income / (Expense), net **	$ 3.1	$ (5.6)	$ 8.7	155.4%		$ 2.0	$ (14.3)	$ 16.3	114.0%	
Tax Expense	$ 66.8	$ 49.7	$ 17.1	34.4%		$ 208.3	$ 204.7	$ 3.6	1.8%	
Net Earnings	$ 159.0	$ 141.1	$ 17.9	12.7%		$ 518.8	$ 485.5	$ 33.3	6.9%	
Diluted EPS	$ 1.16	$ 1.01	$ 0.15	14.9%		$ 3.76	$ 3.41	$ 0.35	10.3%	

- Diluted EPS calculated using fully diluted shares of 137.0 million and 140.1 million shares in Q4 2014 and Q4 2013, respectively
- Flowserve repurchased 935,175 and 1,266,343 shares in Q4 2014 and Q4 2013, respectively and year to date 3,420,656 and 8,142,723 in 2014 and 2013, respectively.

* Constant FX represents the year-over-year variance assuming 2014 results at 2013 FX rates

** Full year 2014 includes $2.8 million impact of gains arising from transactions in currencies other than our sites' functional currencies and impact of foreign exchange contracts vs. a loss of $12.6 million full year 2013

FLOWSERVE

Quarterly & Full Year 2014 Cash Flows

	Q4	Q3	Q2	Q1	YTD	
($ millions)	**2014**	**2014**	**2014**	**2014**	**2014**	**2013**
Net Income	161	130	125	$ 109	$ 525	$ 488
Depreciation and amortization	27	27	29	27	110	106
Change in working capital	207	(6)	(90)	(207)	(96)	(110)
Other	50	(14)	10	(14)	32	4
Total Operating Activities	**445**	**137**	**74**	**(85)**	**571**	**488**
Capital expenditures	(49)	(30)	(22)	(32)	(133)	(139)
Dispositions, acquisitions and other	—	1	1	47	49	(29)
Total Investing Activities	**(49)**	**(29)**	**(21)**	**15**	**(84)**	**(168)**
(Payments on) / proceeds of long-term debt	(10)	(10)	(10)	(10)	(40)	270
Dividends	(22)	(22)	(22)	(19)	(85)	(77)
Short-term financing and other, net	1	(11)	4	10	4	9
Repurchase of common shares	(59)	(35)	(43)	(110)	(247)	(458)
Total Financing Activities	**(90)**	**(78)**	**(71)**	**(129)**	**(368)**	**(256)**
Effect of exchange rates	**(18)**	**(11)**	**(2)**	**(1)**	**(32)**	**(4)**
Net Increase / (Decrease) in Cash	**$ 288**	**$ 19**	**$ (21)**	**$ (199)**	**$ 87**	**$ 60**

Solid progress on working capital initiatives drove 17% improvement in full year cash flow from operations