FLOWSERVE CORPORATION

ANALYST DAY 2014

March 26, 2014

Experience In Motion

Agenda

Welcome
Jay Roueche, *Vice President -Treasurer and Investor Relations*

Company Overview
Mark Blinn, *President and Chief Executive Officer*

Operational Review
Tom Pajonas, *Executive Vice President and Chief Operating Officer*

Break

Financial Update
Mike Taff, *Senior Vice President and Chief Financial Officer*

Executive Introductions
Jeff Drees, *President, Flow Control Division*
Kim Jackson, *President, Engineered Pump Operations*

Questions and Answers

Raleigh Operations and Site Visit
Jim McGeehin, *General Manager, Raleigh Operations*

Lunch

Senior Leadership Team

Mark A. Blinn
President & Chief Executive Officer

- Director, President and CEO since 2009. Previously served as CFO since 2004 and SVP of Latin America Operations from 2007
- Previously served as CFO of FedEx Kinko's from 2003 to 2004, VP and Treasurer from 2002 to 2003
- Served as VP and Chief Accounting Officer of Centex Corp., from 2000 to 2002

Mark D. Dailey
SVP & Chief Administrative Officer

- SVP and Chief Administrative Officer since 2010. Previously served as SVP, HR since 2006 and Chief Compliance Officer since 2005; VP, Supply Chain and Continuous Improvement, from 1999 to 2005
- Previously, VP, Supply Chain of N.A. Power Tools of The Black and Decker Corp from 1992 to 1999

Thomas L. Pajonas
EVP & Chief Operating Officer

- SVP & COO since 2012. Previously served as President of FCD from 2004 to 2012, SVP since 2006
- Previously served as MD of Alstom Transport from 2003 to 2004, SVP of the Power Boiler Business of Alstom from 1999 to 2003
- Served as SVP and GM of Asea Brown Boveri from 1996 to 1999

Carey A. O'Connor
SVP & General Counsel and Corporate Secretary

- SVP, General Counsel and Corporate Secretary since 2012. Served as VP and Corporate Secretary from 2011 to 2012, VP, Global Group Counsel from 2006 to 2011 and Director, Global Human Resources Counsel from 2003 to 2006
- Previously an attorney with Haynes and Boone

Michael S. Taff
SVP & Chief Financial Officer

- SVP & CFO since 2012
- Previously served as CFO of Babcock & Wilcox Company from 2010 to 2011
- Served as CFO of McDermott Intl. from 2007 to 2010, Chief Accounting Officer from 2005 to 2007
- Served as CFO of HMT Inc from 2004 to 2005

David M. Stephens
SVP & Chief Human Resources Officer

- SVP & Chief Human Resources Officer since 2014
- Previously served VP, Human Resources from 2010 to 2014, VP Global Compensation & Benefits from 2002 to 2010 and Director, Global Compensation & Benefits from 1997 to 2002

Safe Harbor Statement

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

The forward-looking statements included in this presentation are based on our current expectations, projections, estimates and assumptions. These statements are only predictions, not guarantees. Such forward-looking statements are subject to numerous risks and uncertainties that are difficult to predict. These risks and uncertainties may cause actual results to differ materially from what is forecast in such forward-looking statements, and include, without limitation, the following: a portion of our bookings may not lead to completed sales, and our ability to convert bookings into revenues at acceptable profit margins; changes in the global financial markets and the availability of capital and the potential for unexpected cancellations or delays of customer orders in our reported backlog; our dependence on our customers' ability to make required capital investment and maintenance expenditures; risks associated with cost overruns on fixed-fee projects and in taking customer orders for large complex custom engineered products; the substantial dependence of our sales on the success of the oil and gas, chemical, power generation and water management industries; the adverse impact of volatile raw materials prices on our products and operating margins; economic, political and other risks associated with our international operations, including military actions or trade embargoes that could affect customer markets, particularly 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.

COMPANY OVERVIEW & STRATEGY

Mark Blinn, *President & CEO*

Flowserve Overview

- **Leading manufacturer and aftermarket service provider of comprehensive flow control systems**
  - History dates back to 1790 with more than 50 well-respected brands such as Worthington, IDP, Valtek, Limitorque, Durco and Edward
  - Our pure-play flow control model focus of industry participants
- **Design, develop, manufacture and repair precision-engineered flow control equipment for customers' critical processes**
  - Portfolio includes pumps, valves, seals and support systems, automation and aftermarket services supporting global infrastructure
  - Focused on oil & gas, power, chemical, water and general industries
- **Worldwide presence with approximately 18,000 employees**
  - 69 manufacturing facilities and 179 aftermarket Quick Response Centers (QRCs) with Flowserve employees in more than 50 countries
- **Long-term relationships with leading energy customers**
  - National and international oil & gas, chemical and power companies, engineering & construction firms, and global distributors
- **Established commitment to safety, customer service, and quality with a strong ethical, compliance and performance culture**

Investment Highlights

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

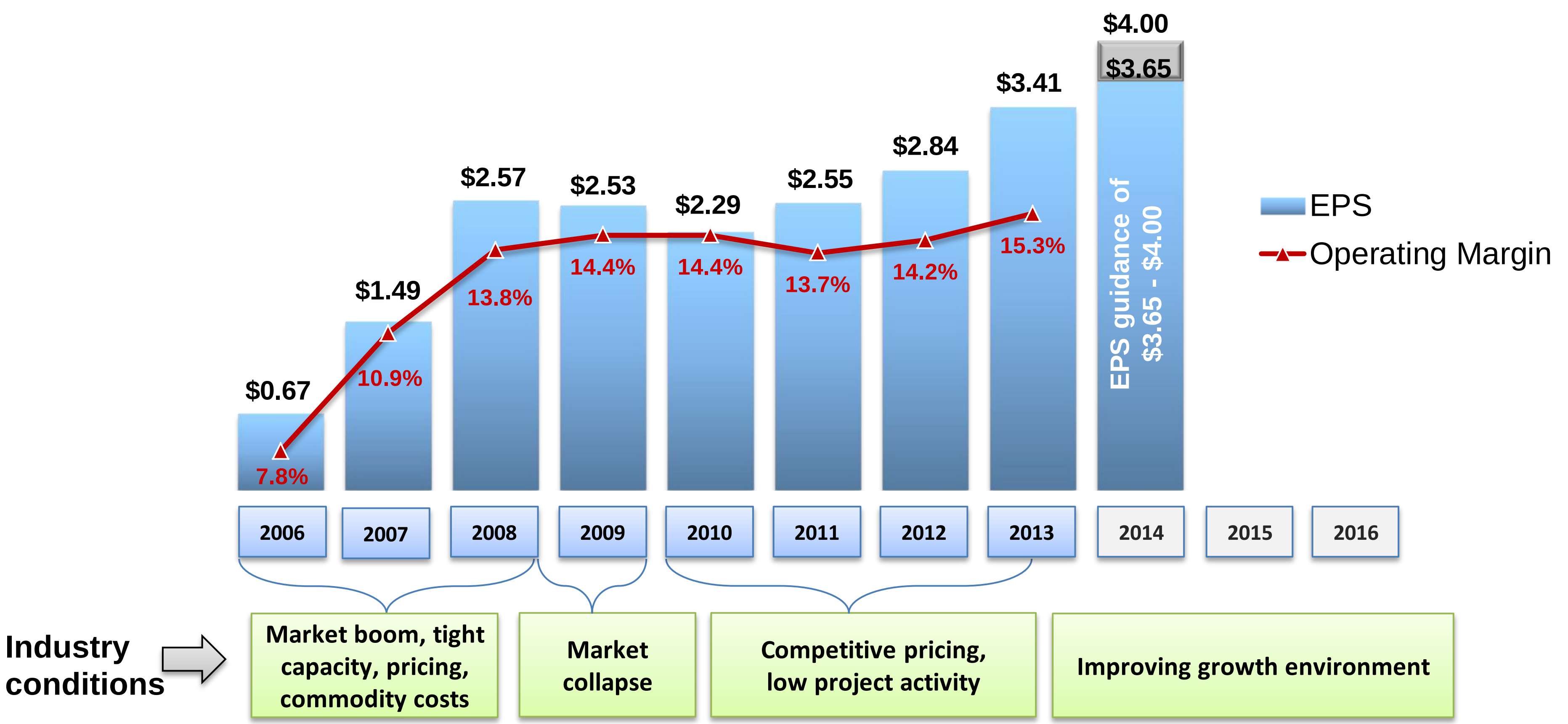
Strong expected cash flow generation focused on growth initiatives and returns to shareholders

Today's Key Takeaways

- **Consistently delivered on commitments and strategic initiatives**
- **Operational excellence and capital structure initiatives produced significant results, propensity remains**
- **Increased emphasis on growth going forward, both organic and acquisitive – supported by improving large project environment**
- **Ongoing strategies will raise the bar further – *"One Flowserve",* customer focus, project management, performance culture and talent development**
- **Strong cash generation supports growth investments and shareholder return**

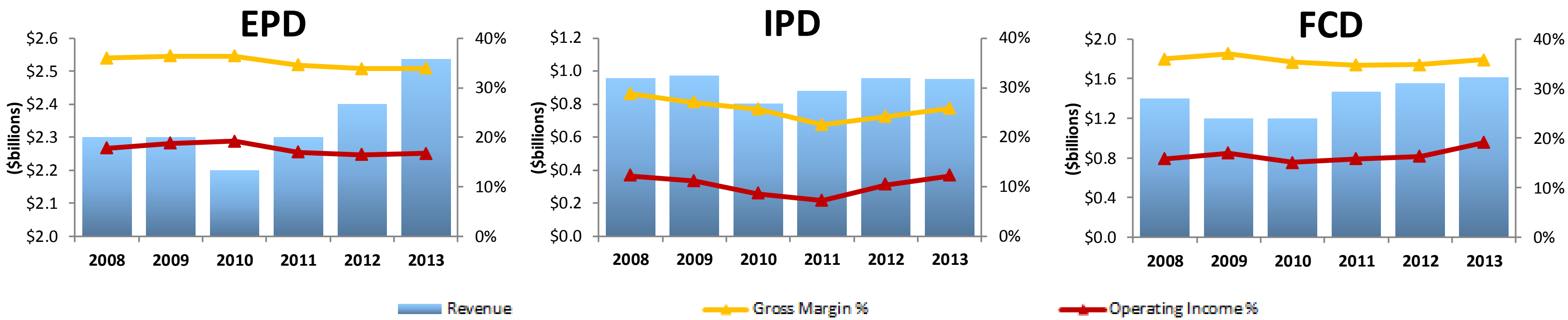
Solid recent performance – exciting opportunities ahead

Earnings Stability Through the Cycle



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

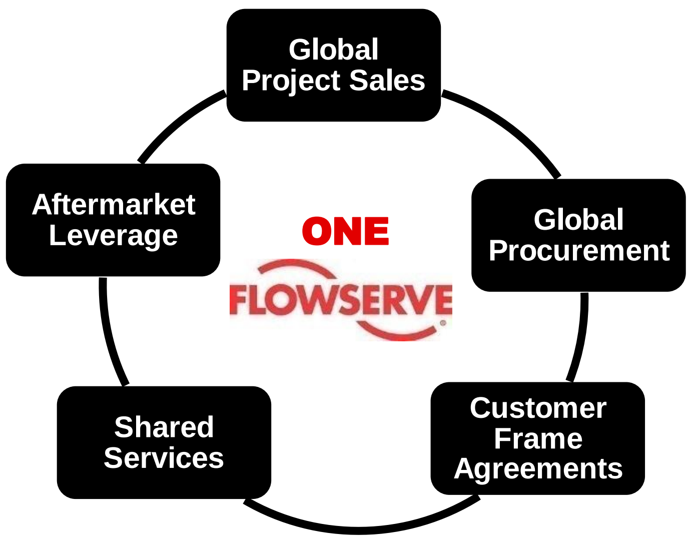
Broad Flow Control Platform



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

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

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

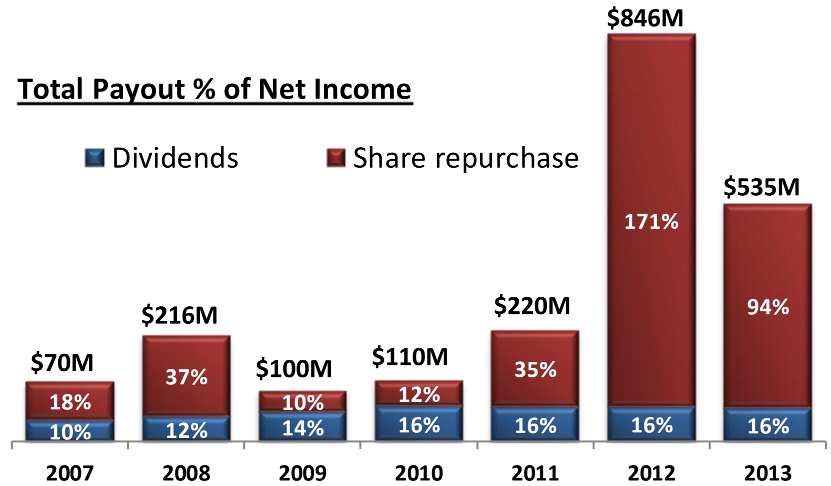


Commitment to Returning Capital

Share Repurchases

Solid history of disciplined capital allocation and expect share repurchases to continue through 40-50% payout policy

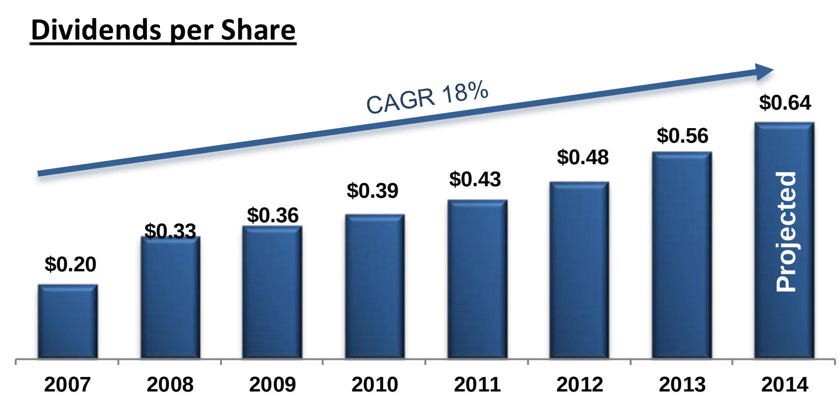
Stock repurchase authorization of $384 million at end of 2013



Dividend

Consistent quarterly dividends since 2007

Increased payout over 14% in 2014; the 4th consecutive double-digit increase



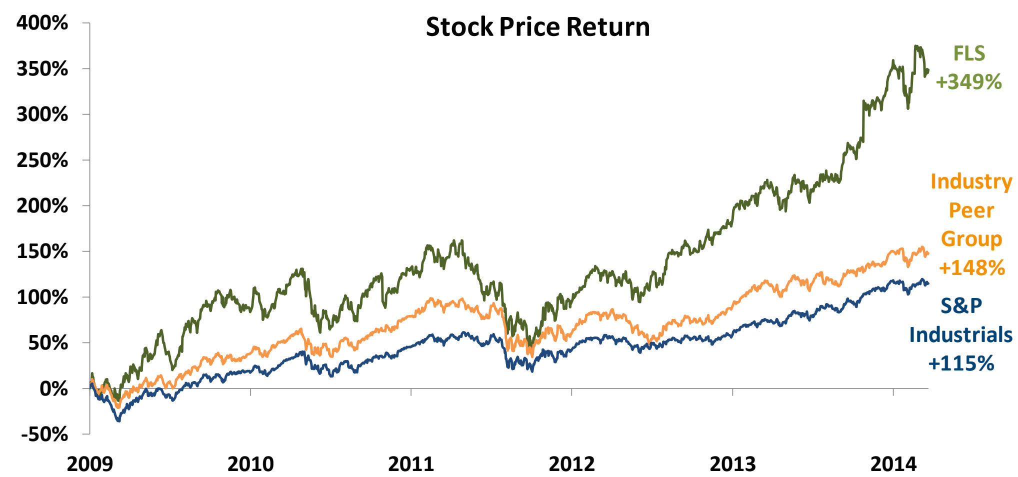
Consistent Approach of Returning Capital to Shareholders

Proven Track Record of Creating Shareholder Value

Shareholder focused approach is a combination of:

- Organic and inorganic revenue and earnings growth
- Operational excellence
- Targeted geographic and end-market diversification
- Growth in aftermarket business
- Returning capital to shareholders through dividends and share repurchases

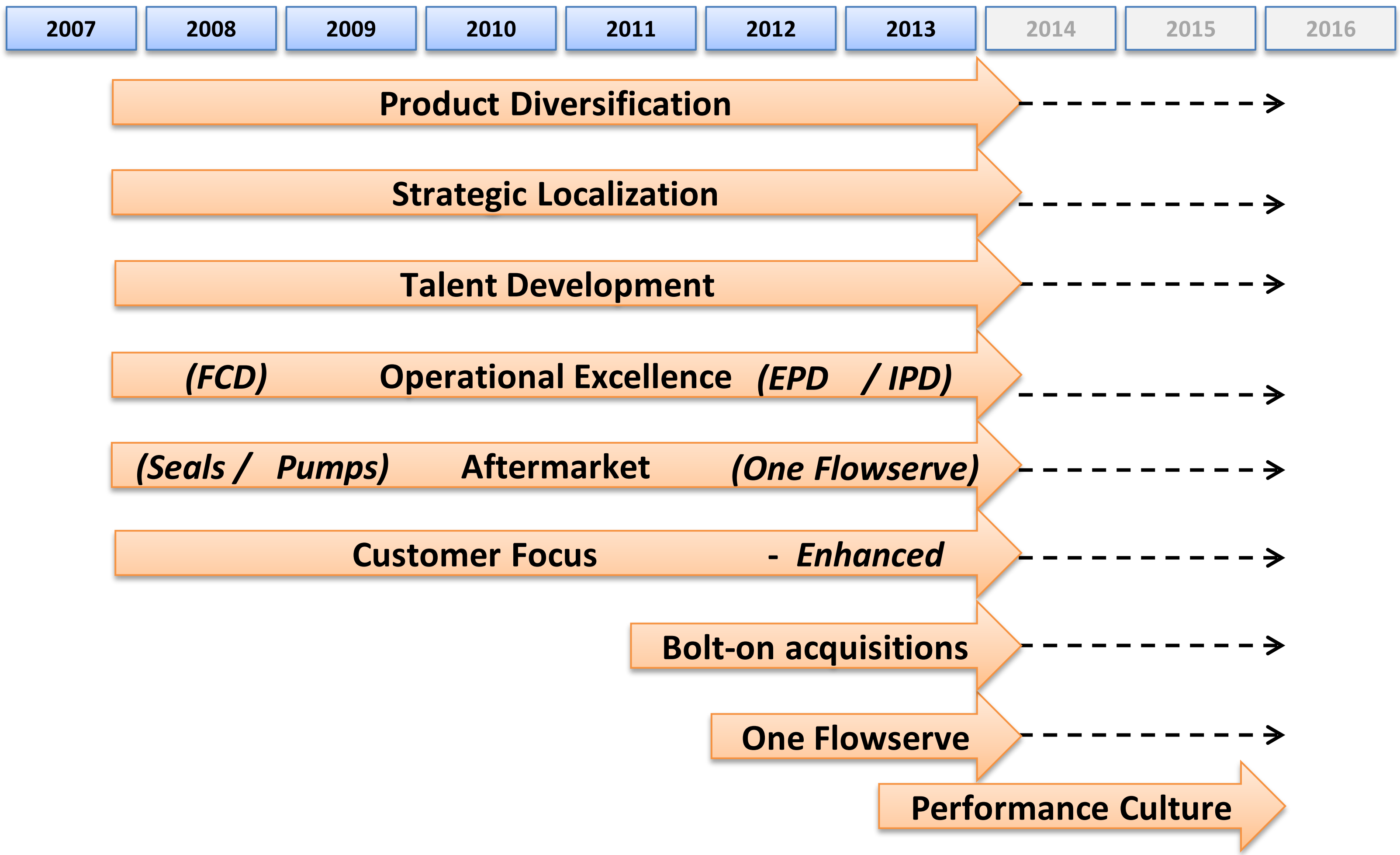
Total Return *	10-year	5-year	3-year	1-year
FLS	1,120%	345%	95%	41%
Industry Peer Group	267%	204%	45%	17%
S&P Industrials	125%	239%	50%	29%



Source: Bloomberg. Change in stock price. Values indexed to 0 % as of 1/1/2009 to 3/21/2014
Industry Peer Group includes: CAM, CR, EMR, ITT, SPW, PNR, KSB, Smiths Group, Sulzer
* Total shareholder return through 3/21/2014 (dividends reinvested in security)

Superior shareholder returns have validated Flowserve's long-term strategy

Progress on Long Standing Strategies

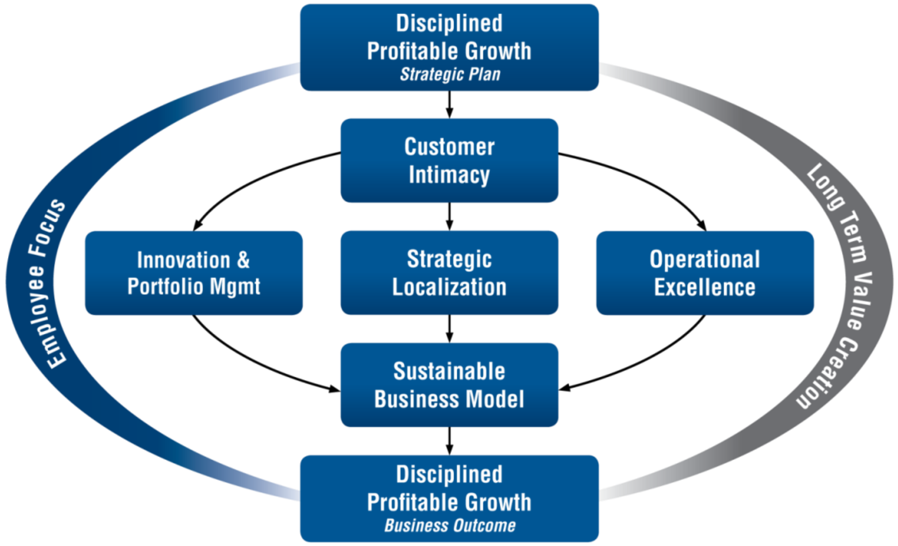


Opportunities to drive further improvement, growth and shareholder value

Strategic Vision

Key Strategic Objectives

1. **Increase revenues beyond market growth, achieving $7.2 to $8.0 billion by 2018**
   - Disciplined approach to growth in improving cycle; gain share on operational attributes
   - Emerging market footprint
   - Product innovation & development localization
   - Global aftermarket expansion
2. **Drive operational execution to best in class**
3. **Reinforce and enhance "One Flowserve" and "Customer Serve" culture**
4. **Build Performance Culture to retain the best talent and drive results**
5. **Pursue bolt-on acquisitions to supplement organic growth, where appropriate**
6. **Maintain diversified model as a key competitive advantage**
7. **Return 40-50% of running 2-year average earnings to shareholders and retain balance sheet strength and financial flexibility**
8. **Drive significant shareholder value**

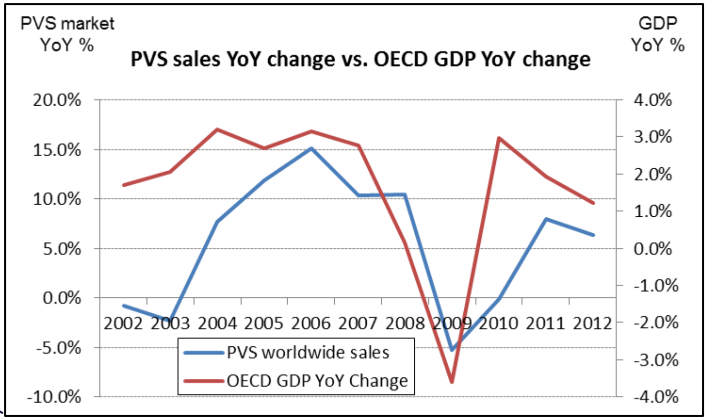


Focused on disciplined, profitable growth

Factors Driving Pump, Valve & Seal Market

Macro

- GDP (global/region)
- Population growth
- Industrial production
- Energy demand
- Various sub-drivers (jobs, housing, etc.)



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Industry Specific

- Commodity prices
- Chemical demand
- Power plant utilization, safety, etc.
- Industry opportunities
- E&C backlogs

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Other factors (more difficult to forecast)

- Government actions, regulatory changes
- Environmental impacts
- New resource discoveries
- Company-specific factors

How we respond

(both proactively and reactively)

- Strategic localization
- Operational excellence
- Customer intimacy
- Product offering / innovation
- Leverage our diversified:
  - Aftermarket footprint
  - Global manufacturing facilities
  - Strong installed base and proven technology
  - Sales team

Responses to Changing Macro Drivers

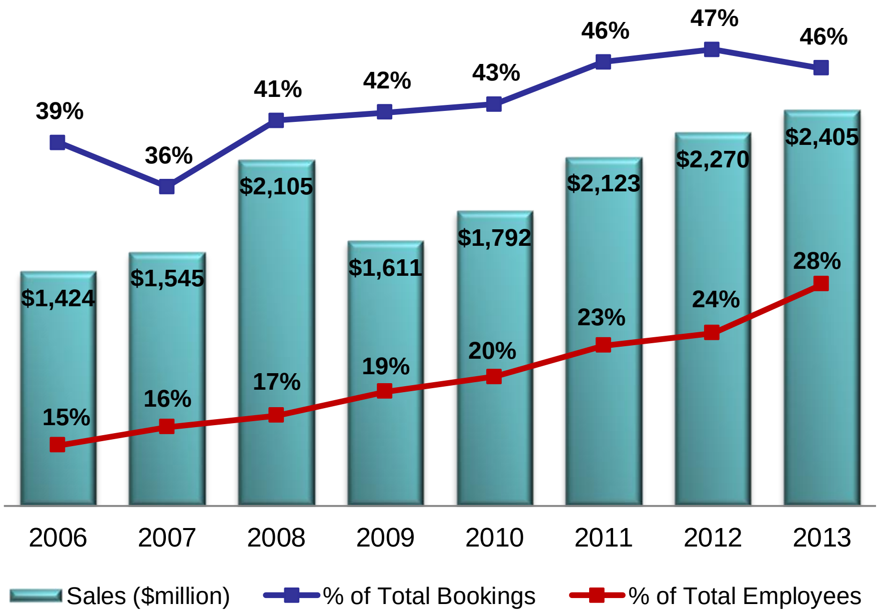
Macro factors	Example of Response	Historical Outcome
OECD GDP forecast: 2-3% CAGR		
Composite pump, valve, seal growth: 6-8% CAGR	Strategic localization of manufacturing and QRCs	
World population expected to increase 30% by 2040		
Global energy demand about 35% higher by 2040		

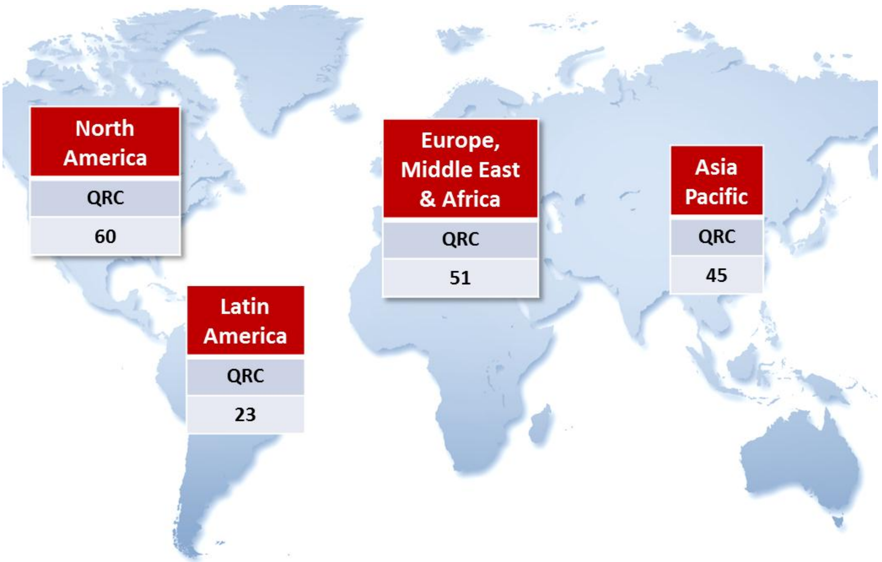
Flowserve proactively capitalizes on changing macro conditions

FLOWSERVE

Strategic Localization Driving Growth and Diversification

Emerging Markets' Bookings and Employees





Flowserve capitalizes on growth opportunities through strategic localization

Note: QRC total of 179 includes four shared sites.

Project Drivers are Beyond Profit-Only

Long Standing Driver

Driver	Factors		Investment
Profit	Shareholder Value Internal Rate of Return		Capital 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	GDP growth Political Stability	Social Stability Localization	Social Investments

Increasing Drivers of Investments

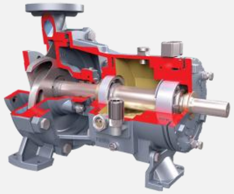
OECD 5-yr proj. CAGR: 2-3%

PVS proj. 5 yr CAGR: 6-8%

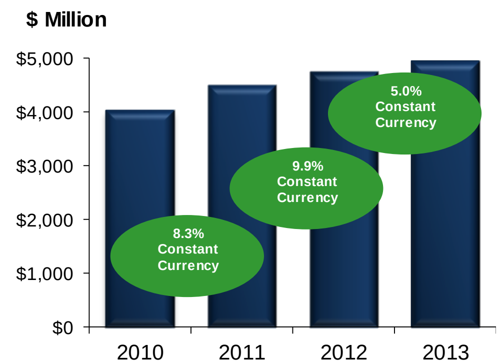
Motivation for infrastructure investments now reflect other critical drivers

Responses to Industry Drivers

Industry Issues	Flowserve Response
E&C Backlogs	Create Global Project Sales Resources
Focus on Nuclear Power Safety	N-Seal Nuclear Pump Seal
Growth in Chemical Capacity in Emerging Parts of the World	ISO Chemical Pump
Desire for "Preferred" Suppliers	Alliance Agreements e.g. Shell



Growth



Resurgence of Large OE Activity Expected

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

Innovation: Key to Organic Growth

Delivering reliable, high-performance products that meet or exceed our customers' total cost of ownership requirements

- Breadth and depth of portfolio expands customer solutions
- Commitment to continuous technology development and innovation – including breakthrough products, product line extensions and product improvements
- Focus on our customers' requirements drives market share gains

R&D investment and product development represent over $500 million revenue opportunity over the next five years

"Internal" Actions Drive Performance

Competitive Advantages
Installed base built upon decades of history and diverse industry segments
QRC network with global coverage
Broad product portfolio across pumps, valves, seals
Strong, proven and trusted technology
Sales organization with global coverage
Global manufacturing footprint
Global supply capabilities
Strong management team and talent deep into the organization
Etc.

Internal Actions Driving Performance

Execution

- Drive to best in class

Culture

- "One Flowserve"
- "Customer Serve"
- Performance
- Cost synergies

Disciplined Growth

- Portfolio approach
- Bolt-on acquisitions
- Market share
- Innovation
- Economic, industry and government changes

Diversified business model

Leverage earnings growth/shareholder returns

Operational Focus Delivering Value

- **Internal focus since 2012 produced significant value**
  - *Opportunities for continued improvement remain*

COST OF QUALITY

- Supplier development programs to improve quality of purchased material
- Process and metrics for reporting cost of quality issues

ON TIME DELIVERY

- Project Management Processes
- Improve supplier OTD
- Global and site supply chain integration

PROJECT MANAGEMENT

- Drive accountability & ownership in project management execution process
- Build project management into a core competency
- Develop a project driven organization in addition to product manufacturing excellence

CUSTOMER FOCUS

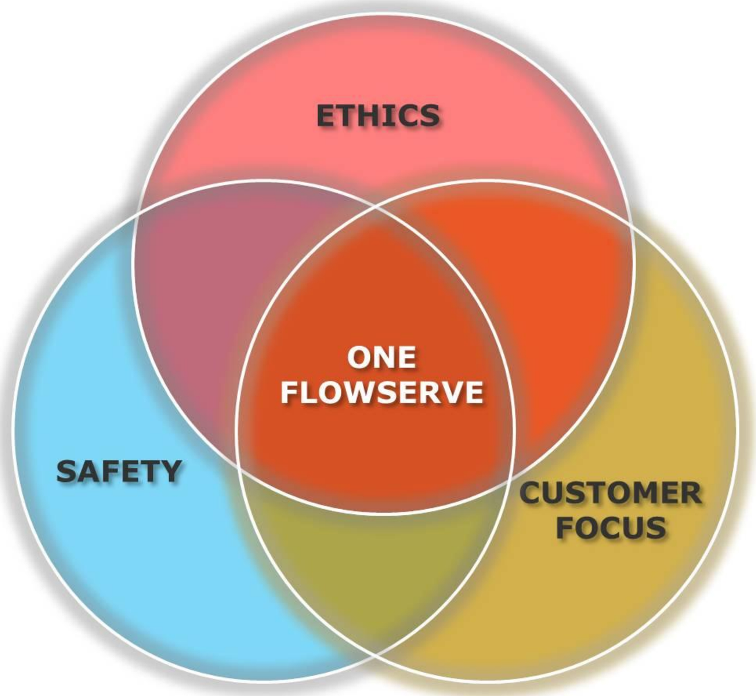
- Match industry-leading technical expertise with dedicated focus on the customer
- Building successful customer relationships takes priority over short-term gains

PERFORMANCE CULTURE

- Environment where performance is expected, recognized and differentiated
- Raising the bar on accountability and engagement

Seeking maximum value from inside Flowserve's four walls

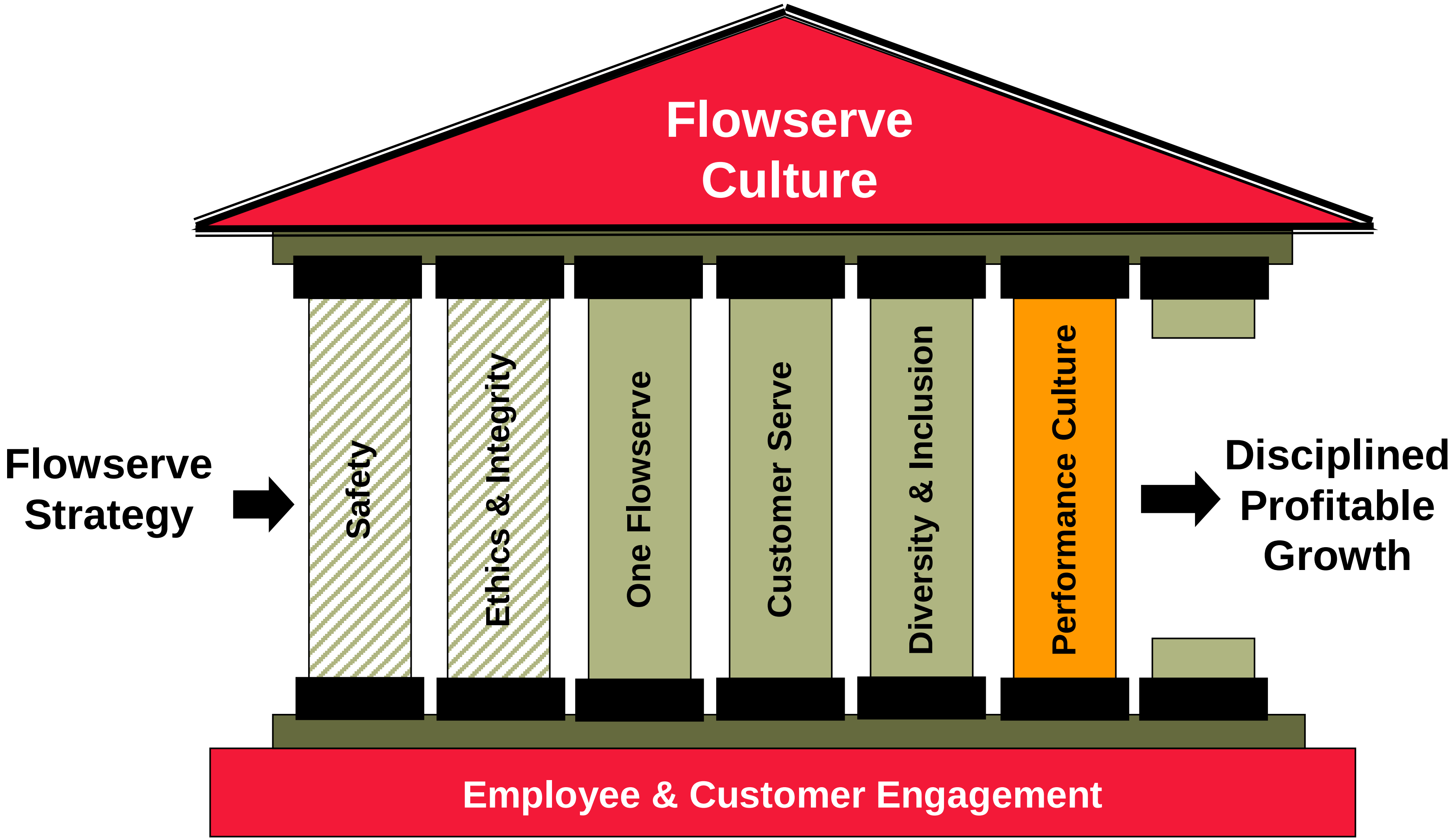
“One Flowserve” Culture



- Strong, collaborative management team
- Focus on top-line leverage with disciplined strategic prioritization and investment process
- Market share leverage across business through customer intimacy and strategic localization
- Cost leverage and operational excellence
- Propensity remains to improve the business and capture earnings power
- Focus on shareholder value drives disciplined strategic investments

“One Flowserve” culture drives market share gains, cost control and increased earnings leverage

Culture Initiatives



Transforming the Organization

Quality, CIP, and Safety Strategy

Actions	Outcome
Customer Focus Campaign, Customer Metrics	**Customer Focused**
Problem Solving, DMAIC Light	**Problem Solvers**
FSI, Common Metrics, KPI Scorecard, Targeted CIP Projects	**Industry Leading Performance**
LPO/SPO, Steering Committee, Common Metrics, KPI Scorecard, Certifications	**Standardized**
Leverage CIP Improvements, Targeted Initiatives, Manufacturing Services	**Focused and Leveraged Improvement**
Organizational Structure, Common Metrics, Standardization	**One Flowserve**

Customer Focused Culture

Strategies and actions in place to transform the organization

FLOWSERVE

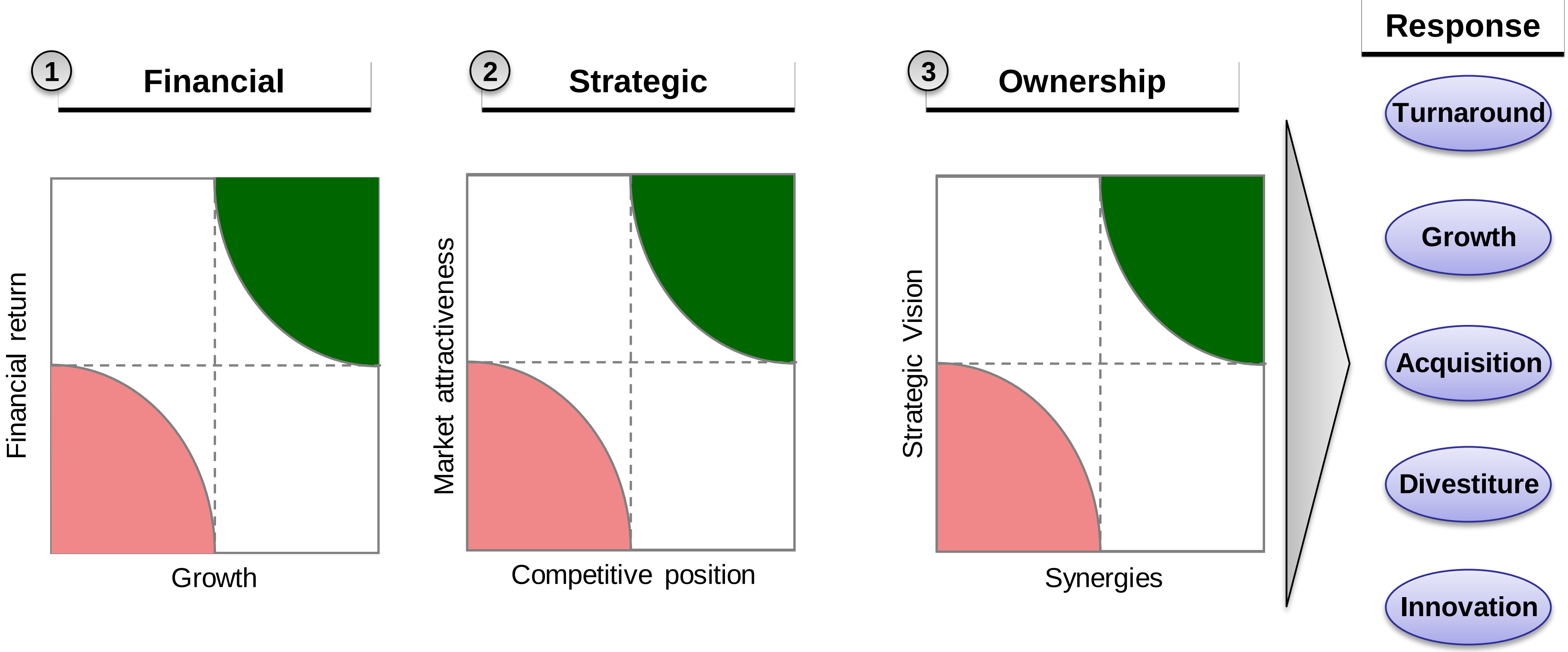
Four Key Drivers of Growth

1 Energy and emerging market growth	Long-term tailwinds for our growth: • Energy demand growth • Global economic and population growth • Resurgence of large project activity
2 Opportunity "within four walls of Flowserve"	• Operational excellence - propensity • Customer focus / performance culture • Strategic localization / geographic expansion • Building upon our Aftermarket strength
3 Product Innovation	• Breakthrough products • Product line extensions • Product enhancements
4 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

Disciplined Approach

Improving Rates of Return to Drive Shareholder Value

Three "fit lenses" utilized to evaluate Flowserve's facilities and products

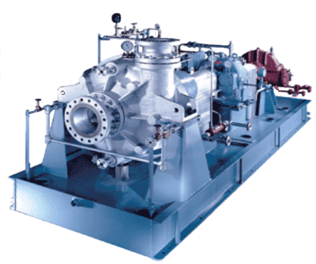


Portfolio management prioritizes growth investments and divestitures

Targeting Acquisitions to Leverage Competitive Advantages

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

__Audco India JV - MM Nagar__
2013 Acquisition/Divestiture
Net Cash Received – $36.1M



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

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

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 have been relationship driven as opposed to an auction process

FLOWSERVE

Diversification = Sustainable Business Model

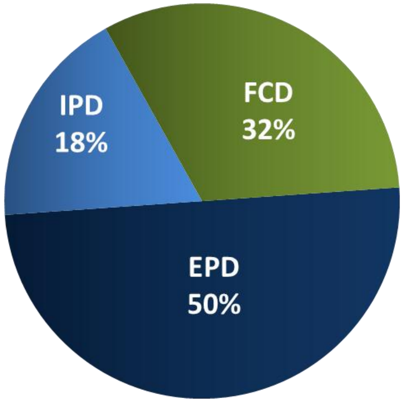
Diverse mix of products, end markets and geographies provided earnings stability through the cycle and decreases risk profile

Operating Segments

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

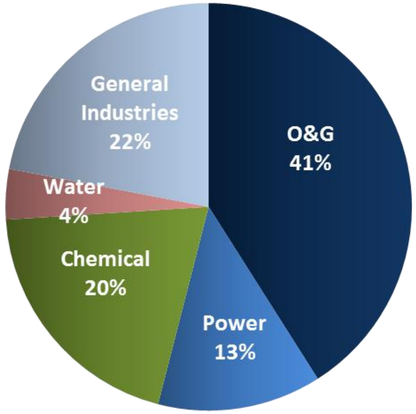
Segment Breakdown

2013 Sales - $5.0B



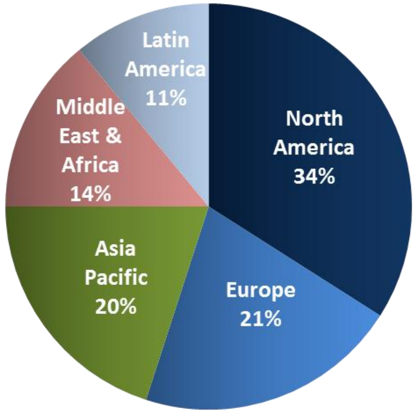
Energy-focused End Markets

2013 Bookings - $4.9B



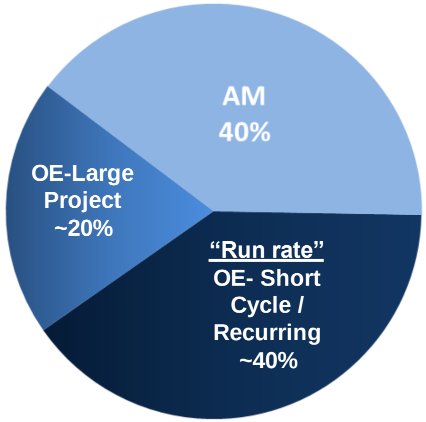
Geographic Exposure

2013 Sales



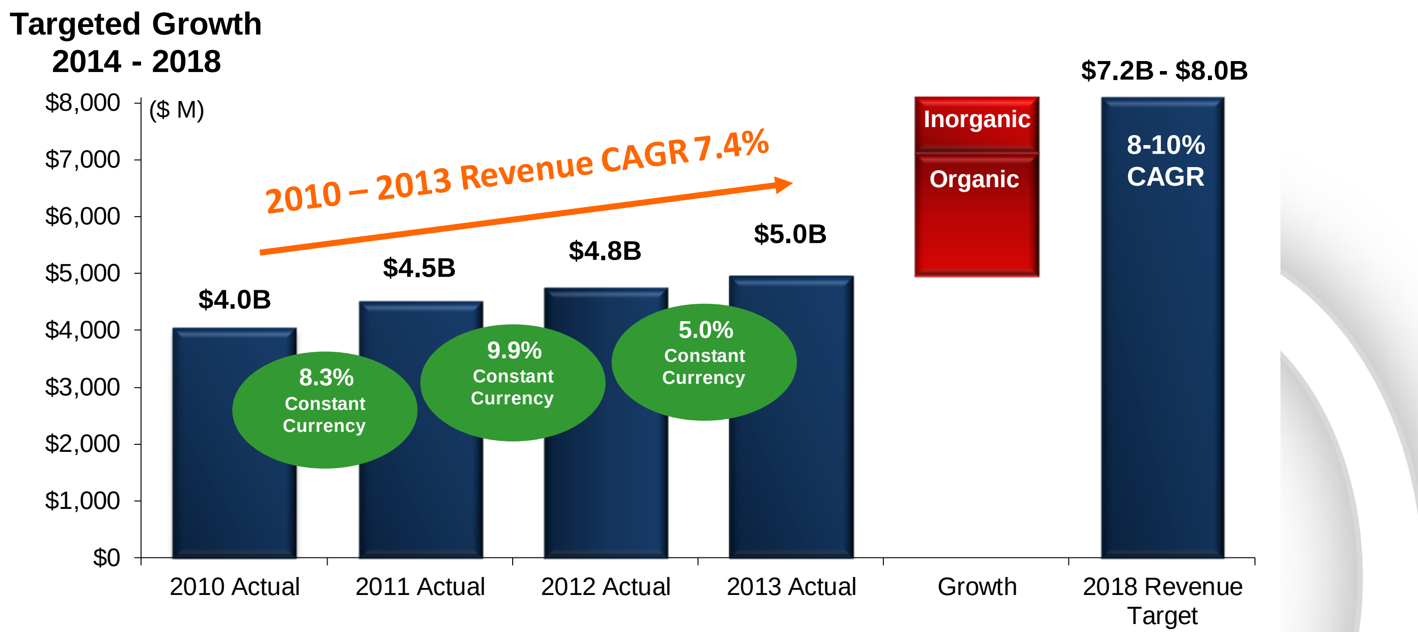
Diverse OE / AM Mix

2013 Sales



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

Leveraged Earnings Growth



- **Estimated addressable market CAGR of approximately 6.5%* from 2014 to 2018**
- **Flowserve anticipates its organic 5-year CAGR at approximately 7.0%**

Revenue and aftermarket growth, cost leverage, operational improvements and capital strategies drive EPS growth and substantial cash flow

Business model, strategies and growth initiatives to drive shareholder value

* Based on European Industrial Forecasting (EIF) & McIlvaine estimates for the growth rate of Flowserve's addressable end markets

OPERATIONS REVIEW

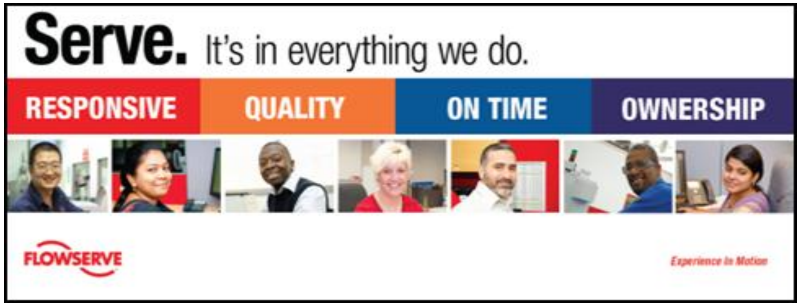
Tom Pajonas, *EVP & COO*

Operational Overview

- **Significant Themes from 2013**
- **Business Overview**
  - Industries Served
  - Business Opportunity Framework
- **Market Overview**
  - Customer Trends
  - Product Market Size
  - Served Market
  - The Value Chain
- **Key Operational Strategies**
  - Customer Intimacy
  - Strategic Localization
  - Operational Excellence
  - Technology Leadership
  - Sustainability

Staying the Course in 2013

- Advanced *One Flowserve*
  - Leverage global competencies
  - Leverage customer service
  - Operational focus
  - Performance management
- Customer Focus Initiative
  - Quality
  - On-time delivery
  - Aftermarket growth
  - Problem solving
- Focus on leveraging operational initiatives
  - Product costing
  - Project management - proposal and contract execution
- Product development
  - Actuation
  - Materials
  - Expanded pump hydraulics
- Continued strategic localization
  - Added two QRC's in emerging markets
  - Core manufacturing capacity in Brazil, India and China



Limitorque LPS Actuator

Leads to additional propensity for growth and margin expansion

FLOWSERVE

Industries Served and Characteristics

- Customers tend to have a longer term view of the industry dynamics
- Less dependent on short term
- $130 billion available market per year for pumps, valves and seals
- Infrastructure plants last 40 to 50 years and require service, revamps and updates
- Local support and service is imperative
- The value chain is localizing (services, supply base, etc.)

We pursue a strategy of industry diversity

Business Opportunity Framework

- **Leverage broad portfolio of flow control products**
- **Design and manufacture highly engineered products that must work when put into critical services**
- **Equipment must meet strict industry standards and codes**
- **On-Time Delivery is critical to meet schedules**
- **Aftermarket Services Life-Cycle is 40-50 years**
- **Global manufacturing presence and aftermarket footprint essential**

Mark 200 Control Valve

WIK Decoking Jet Pump

Wireless monitoring for asset management services

ISC2 Mechanical Seal

Providing solutions for customers' complex, critical processes

Flowserve Booking Characteristics

Projects

- >$5m
- E&C Driven - longer duration
- Highly engineered
- Intensive project management
- Competitive
- Multiple FLS Divisions
- Heavy documentation
- Heavy testing
- Warranty starts 1 to 3 years after order

Run – Rate

- <$5m
- Shorter duration
- Customer direct
- Replacing or adding equipment in existing plant
- Simpler specifications
- Less project management
- Single or multiple FLS Divisions
- Shorter warranty period

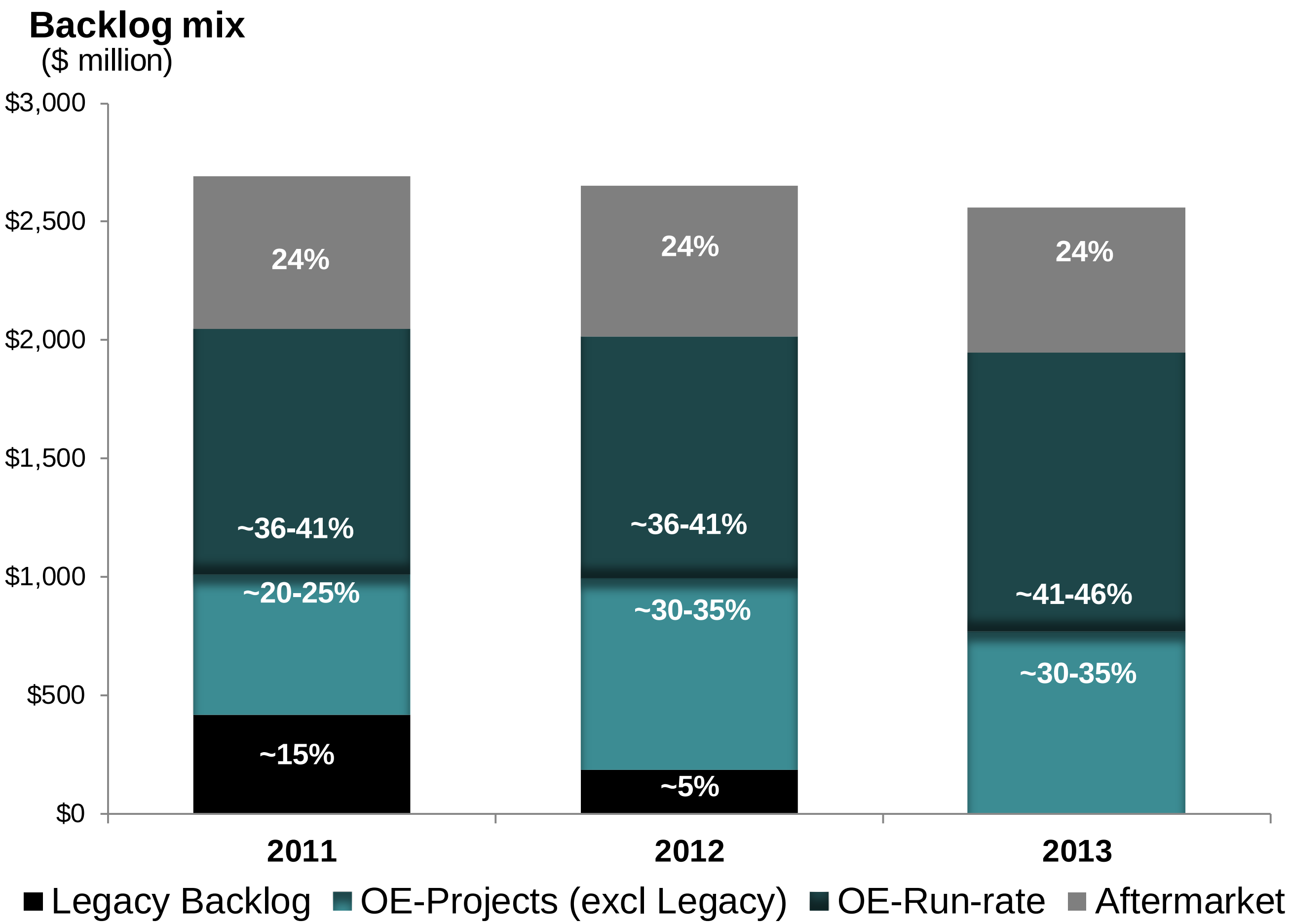
Aftermarket

- Planned or unplanned
- Service and response time critical
- Requires localized inventory
- Local technical support
- Standard equipment
- Less project management
- Limited documentation
- Short warranty period

Requires global comprehensive capabilities

Flowserve's strength in engineering, application and aftermarket services provides unparalleled value for our customer base

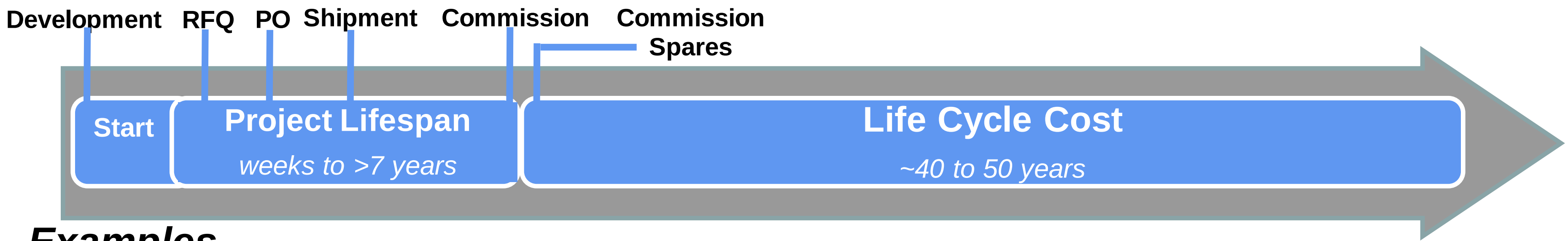
Improved Backlog Quality



- Large OE project backlog declined as percent of total as OE orders over last two years comprised mainly of run-rate activity
- Large pump project costs include approx. 40% of buyout items such as motors and castings, which carry little margin, particularly in down cycle
- Expect increase in large OE project orders

Backlog quality has improved and duration shortened as OE orders have been comprised mainly of shorter cycle, run-rate activity over few years

Typical Project Schedules Across the Industry



Examples

Project Type/Size	Project Example	Project Lifespan	RFQ to PO	Purchase Cycle – PO to Shipment
Large	**Refinery**	**5 to 7 years**	**6 mo – 1.5 yr**	**Pump 18-24 months Valve 12-18 months Seals 4 months**
Medium	**Combined Cycle**	**3 to 4 years**	**3 to 6 mo**	**Pump 12-18 months Valve 6-8 months Seals 2 months**
Small	**Mining expansion**	**1 to 2 years**	**3 to 6 mo**	**Pump 6-8 months Valve 3-6 months Seals 1 month**
Aftermarket	**Spares / Parts**	**24 hours to 3 months**	**1- 30 days**	**Pump 24 hours to 3 months Valve 24 hours to 3 months Seals 24 hours to 3 months**
Aftermarket	**Alliances**	**e.g., 5-year Valves / Parts Alliance**		

Projects vary between long and short PO to Shipment cycles

Global Provider of OEM & Aftermarket Services

Lead Product Operation	Secondary Product Operation	Quick Response Centers
• *"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	• Implements the manufacturing and aftermarket support within the *designated geographical region* for the assigned product • Local contract execution • Local manufacturing • Local market pricing	• Local service and repair • Field engineering and technical service • Root cause analysis • Asset management services • Hydraulic upgrade technologies • Customer training

Assets	Total	NA	LA	EMA	AP
Employees*	18,502	6,345	2,005	6,632	3,520
Mfg Sites	69	20	7	29	13
QRCs**	179	60	23	51	45

*includes temporary employees
** includes four shared sites

Flowserve's 248 facilities provide manufacturing and service to support customers worldwide and optimize our asset base

Market Overview

Market

- Extremely fragmented
- Conservative end-user base
- Cost of failure to user is typically high
- Distribution continues to consolidate
- Mature markets recovering at a slow rate
- Emerging markets still growth opportunity
- Proximity to end user increasingly important
- Localization requirements increasing

Competitive Environment

- Global competitors have differing competencies
- Expansion via acquisition rather than development
- Product development typically to existing offerings
- Regional (local) players are strong within region
- Low-cost country competitors gaining acceptance
- Continued acquisitions and consolidation
- Local firms improving product sophistication

Market dynamics and competitive pressures continue, but attractive opportunities for growth exist

Customer Trends

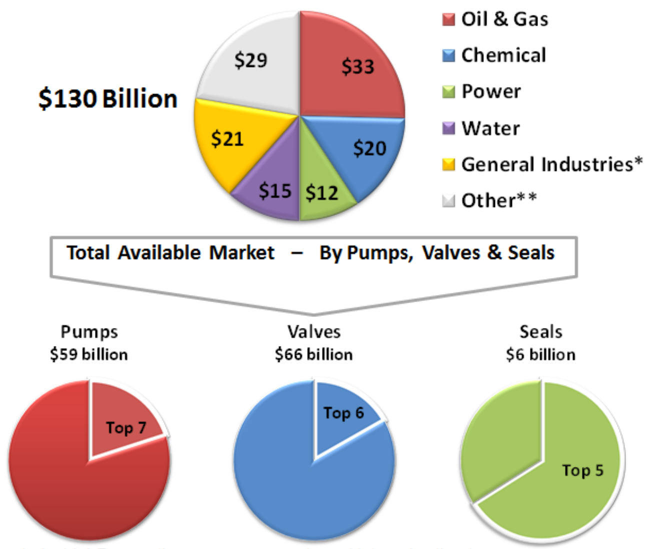
- Focusing resources and investment on emerging markets during the next five years
  - ~94% of new refinery capacity
  - ~83% of new power capacity
  - ~78% of new chemical capacity
  - ~90% of new mining capacity
- Customers more methodical in spending patterns versus prior cycle
- Low-cost NA shale gas driving aggressive investment in chemical, LNG and transportation
- China and India slowdown has impacted the region
- Excess capacity in supplier base applying pricing pressure on projects
- Local content and aftermarket support increasingly a condition of award
- Customers pushing more project and operational risk onto suppliers
- Korean, Chinese and Indian EPC's on projects in the Middle East and Latin America
- Further distributor consolidation is likely, as more players try to ride up the value chain to be closer to the end user

Supporting customers globally is key to disciplined profitable growth

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

Well Suited with Growth Opportunities

Flowserve's Served Market

Based on product, route to market and geographical presence

Oil & Gas Total Available Market $33b	*% of FLS bookings*	Upstream	Midstream	Downstream
	41%	• Onshore • Offshore & deepwater • Oil sands • Enhanced oil recovery	• Crude oil pipelines • Liquids pipelines • Gas pipelines	• Oil refining • LNG • Heavy oil upgrading • Natural gas processing
	Portfolio strength			
	EPD	◔	◑	◕
	IPD	◔	◔	◔
	FCD	◔	◑	◕

Chemical Total Available Market $20b	*% of FLS bookings*	Basic	Specialty	Pharmaceutical
	20%	• Organic (petrochemical) • Inorganic	• Agriculture • Paints & pigments	
	Portfolio strength			
	EPD	◕	◕	◔
	IPD	◕	◕	◔
	FCD	◕	◕	◔

Power Total Available Market $12b	*% of FLS bookings*	Fossil	Nuclear	Alternative
	13%	• Coal-fired • Gas-fired	• Nuclear service • Auxiliary service	• Solar • Wind • Biomass
	Portfolio strength			
	EPD	◕	◕	◑
	IPD	◑	◑	◑
	FCD	◑	●	◑

Legend

● **Fully served**
◑ **Partially served**
○ **Not currently served**

Source: European Industrial Forecasting and internal estimates

Strong presence and attractive growth opportunities in all of our core market segments

Forecasted Capacity Expansions Worldwide

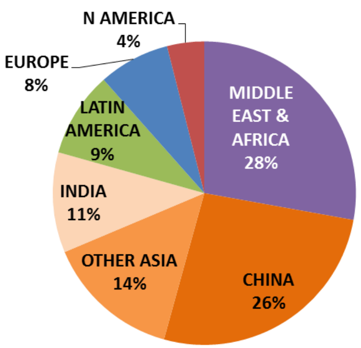
2014 GDP: Global +4%

Oil & Gas Industry

Forecasted Capacity Expansion (2014-18)

REFINING*

13.5 M b/d



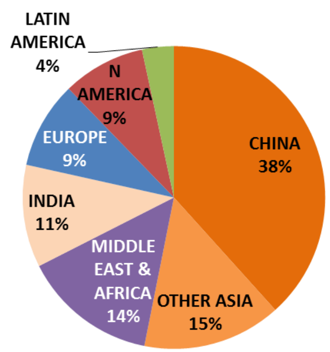
- **Stable market with price levels that encourage investment; shift in some upstream capital spend**
- **New refining capacity additions in Middle East & BRIC countries**
- **Focus on North American unconventional resources with opportunities upstream, midstream & downstream**

Power Industry

Forecasted Capacity Expansion (2014-18)

POWER GENERATION**

744 GW



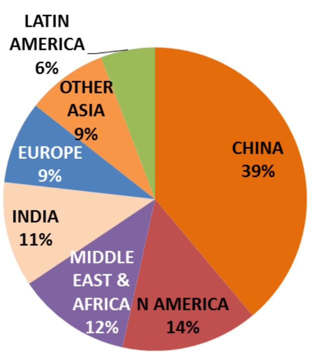
- **Emerging market development, environmental factors & age of infrastructure drive new capacity**
- **New coal-fired plants concentrated in Asia; gas-fired & renewables in North America, Western Europe & Middle East**
- **New nuclear opportunities primarily in developing markets**

Chemical Industry

Forecasted Capacity Expansion (2014-18)

PETROCHEMICAL

225 MMTPA



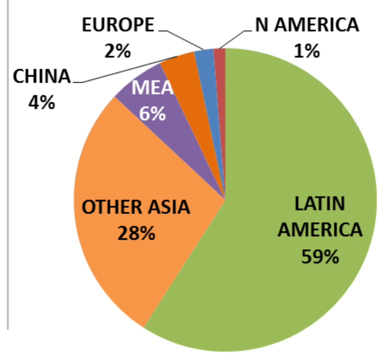
- **Positive chemical outlook given future demand in emerging markets and improvements in US & European economies**
- **Most new chemical capacity additions in Middle East & BRIC countries**
- **North America also an important market due to low-cost feedstock**

General Industries

Forecasted Capacity Expansion (2014-18)

COPPER MINING

8.7 MMTPA



- **New mining project spending under pressure, but good levels of activity in select areas**
- **Latin America a key mining market, particularly new copper production**
- **Mining-related desalination activity on the rise**

Investment concentrated in emerging markets

*Source: GlobalData *Includes crude distillation units **Includes gas-fired, coal-fired, nuclear and solar thermal*

Substantial OE Opportunities from New Infrastructure

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

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

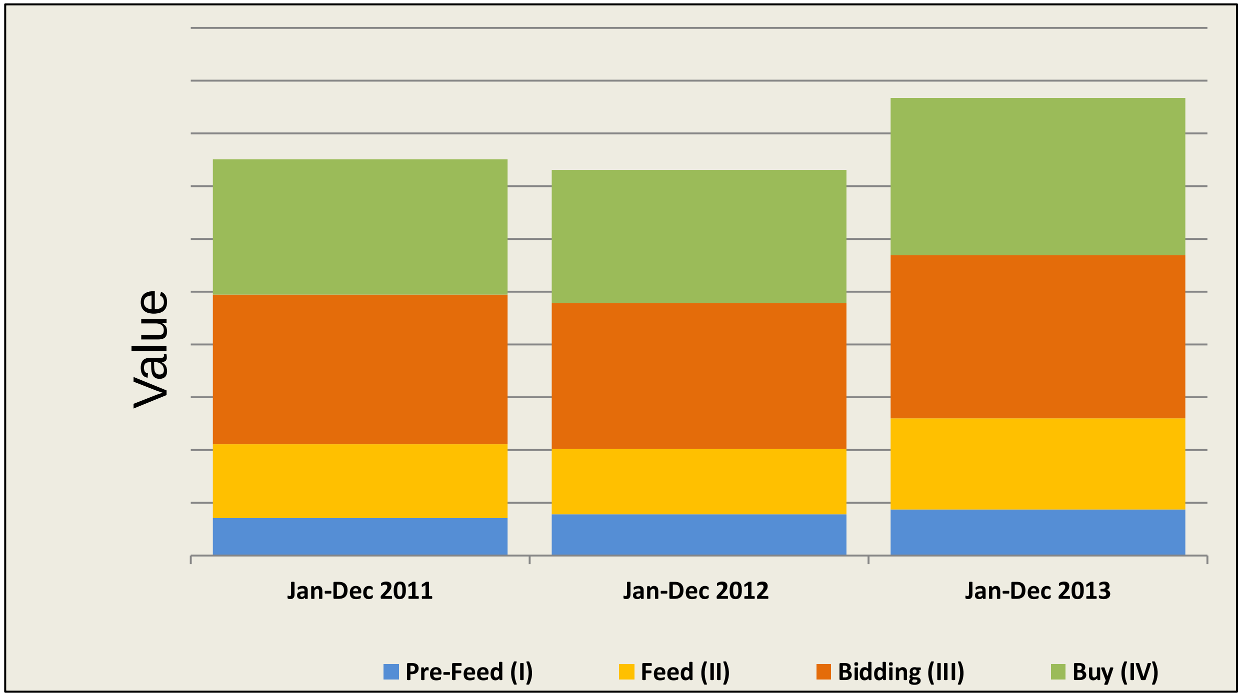
Coal Power Station - 600MW
$30m - $40m

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

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

Global Infrastructure build drives project growth and installed aftermarket base

Favorable OE Project Proposal Trends



Increased Bidding and Buy Phase

Significant opportunities expected from large project activity

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

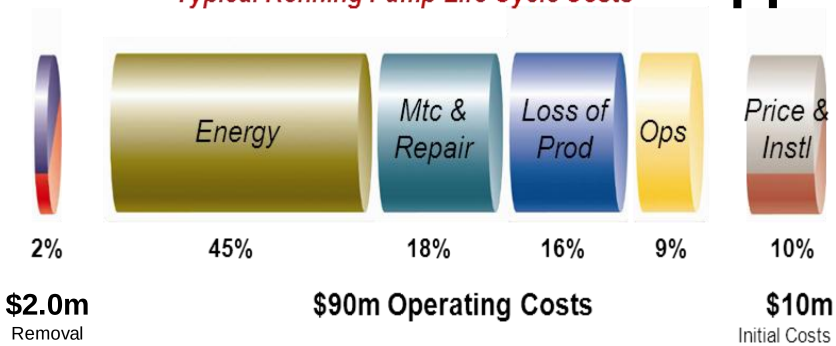
Owning the largest network of company-owned facilities in the industry

Sustainable Business Model

Growth and margin opportunities

Proximity to Customers Provides Aftermarket Opportunities

Typical Refining Pump Life Cycle Costs

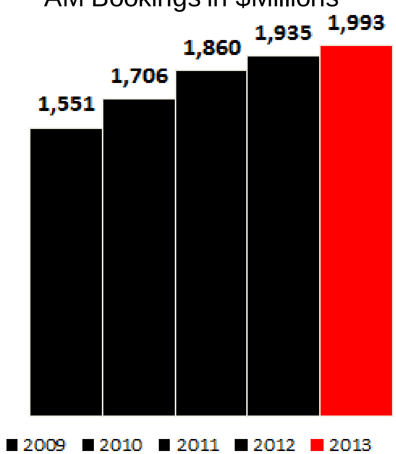


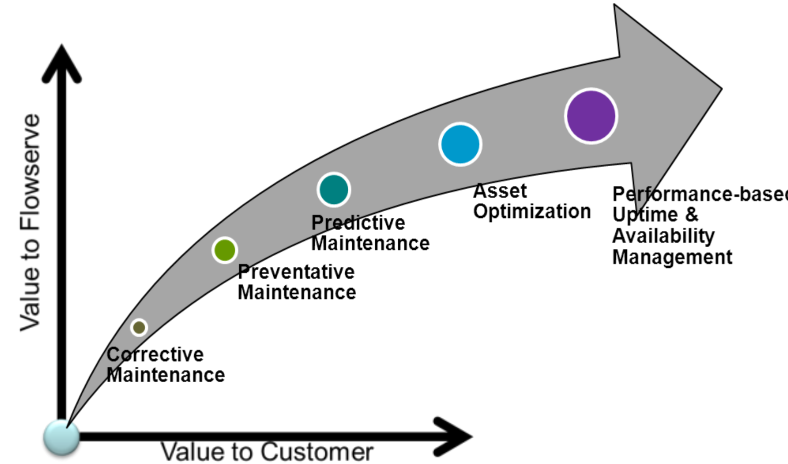
End-user customers typically experience approximately nine times the initial purchase and installation costs over the equipment's operating life

End user customers vary in maintenance philosophies

2010 – 2013 AM CAGR = 6.5%

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 cycle

Globally Integrated Service and Solutions Network

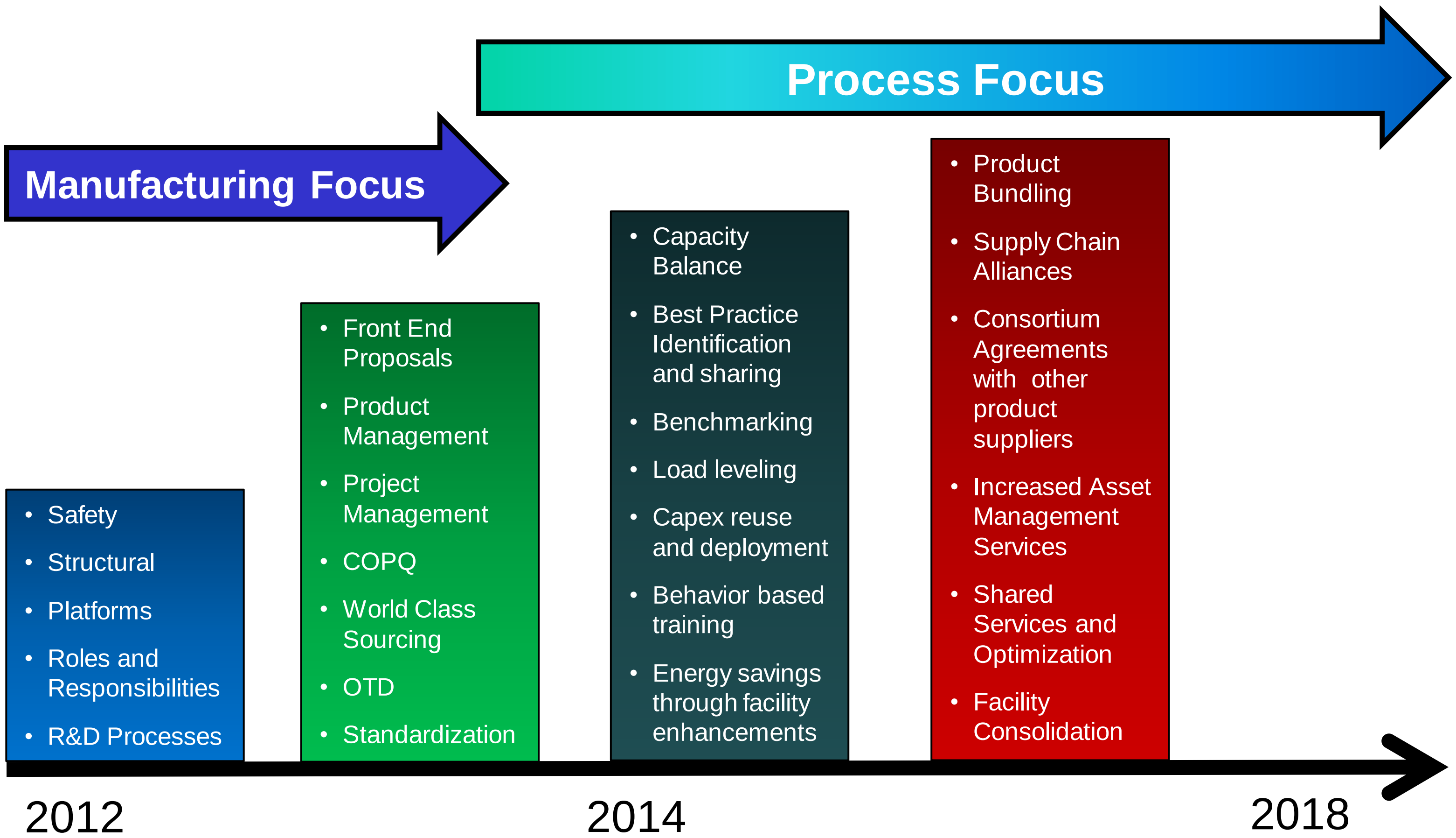
Quick Response Center

Aftermarket Services

- Parts and Repair
- Systems Analysis
- Equipment Upgrades
- Equipment Installation
- Reliability Programs
- Life Cycle Optimization
- Advanced Diagnostics
- Asset Management
- Inventory Programs
- On Site Project Supervision
- Education and Training

Technology-based service approach helping our customers solve complex business problems

Process Improvement Continuum

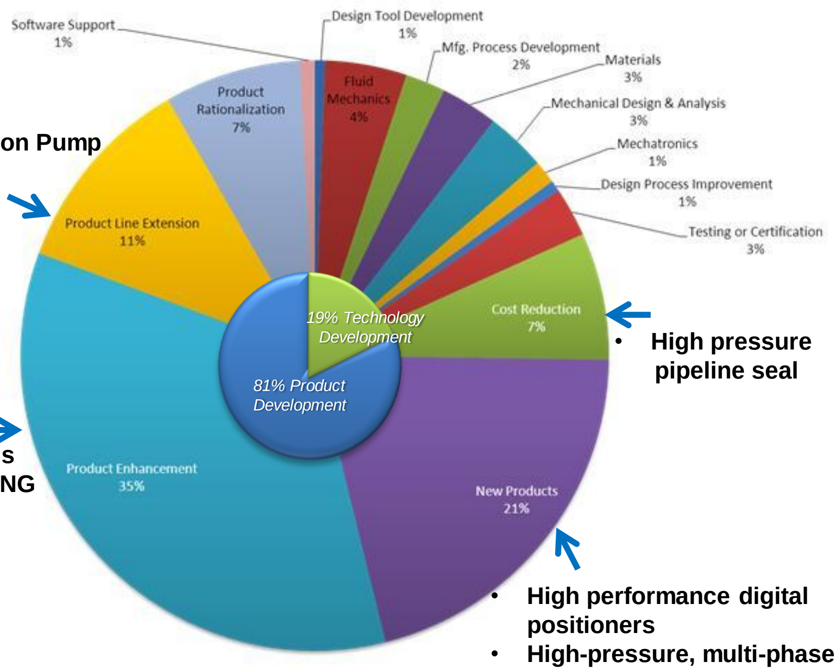


Expanding CIP throughout the business

Innovation

2013 Spend by Project Type

- **High Efficiency Ring Section Pump**
- **High Temperature Low Emissions Gas Seal**



- **High pressure pipeline seal**

- **Large diameter slurry seals**
- **Cryogenic Ball Valve for LNG**

- **High performance digital positioners**
- **High-pressure, multi-phase sub-sea pumping**

Technology Developments

Materials
- Nano particle coatings to replace high alloys

Mechanics
- High power permanent magnets to reduce motor size and increase efficiencies

Mechatronics
- Energy harvesting for remote sensors

Fluid Dynamics
- Noise/cavitation controlling valve trim

Electronics
- Diagnostic algorithms to increase uptime and reduce unplanned maintenance

Manufacturing
- Additive manufacturing methods to reduce product lead-times

Leverage a robust product development process to efficiently filter ideas and convert them into market-ready products

Key Priorities and Initiatives for 2014-18

Growth

Customer Focus (Product Quality, On-Time Delivery)

Strategic Localization

- Brazil – expand manufacturing
- Russia – light assembly for select products and local QRC
- India – expand manufacturing
- China – expand manufacturing and QRCs
- Middle East – grow installed base
- North Africa – establish local QRC

Product Quality

- Expand breadth and depth of customer satisfaction metrics
- Expand use of CIP and Lean techniques
- Expand supplier development programs to improve quality of purchased material
- Establish company-wide process and metrics for tracking and reporting cost of quality issues

On-Time Delivery

- Implement best in class Project Management Process
- Improve supplier OTD
- Expand internal tracking of inter-company OTD
- Global and site supply chain integration

Cost Reduction

- Product cost analysis
- Increase low-cost sourcing
- Supplier rationalization
- Drive COPQ improvements
- Improve inventory turns

Aftermarket Leverage

- Expand integrated Services & Solutions Network
- Expand capabilities of QRCs to service the whole portfolio
- Accelerate deployment of diagnostics tools as a means to drive aftermarket sales
- Develop and deploy additional aftermarket solutions and offerings

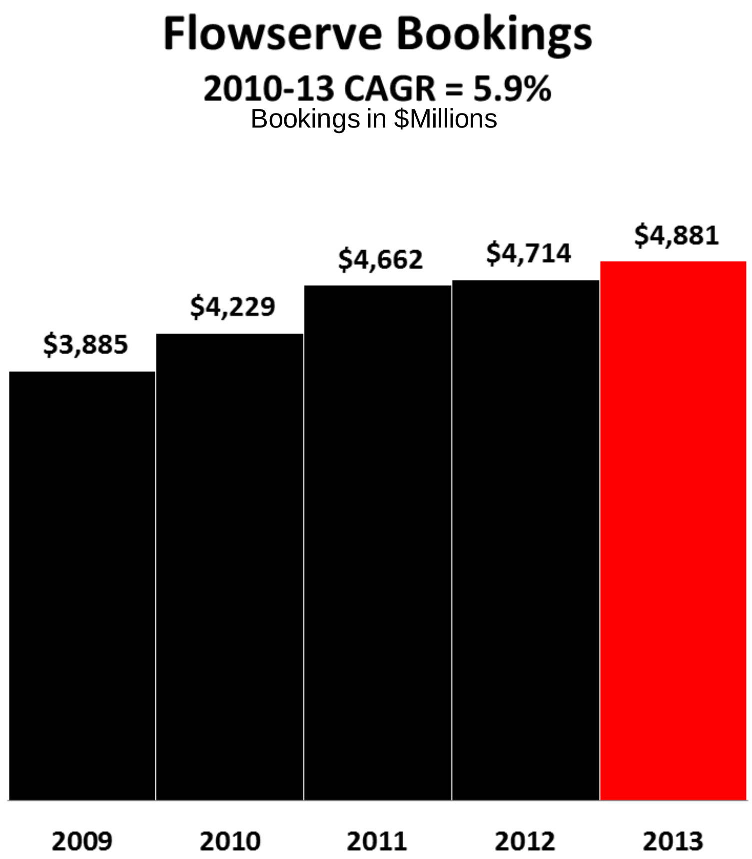
Performance Culture, Focus on Innovation, SG&A Efficiency

Flowserve's priorities support continued differentiation in the industry and reinforce our areas of key competitive advantage

Operations Summary…

Propensity to Grow and Improve

- **Grow our Business**
  - Products
  - Regions
  - Industries
  - Aftermarket
  - Inorganically
- **Increase Margin**
  - Product cost reductions
  - Aftermarket
  - COPQ reductions
  - Low-cost sourcing
  - Lead time reduction
  - Supplier development
  - Lean and Six Sigma initiatives
  - Pricing optimization
  - Manage Costs/SG&A



This leads to a growing sustainable business model

BREAK

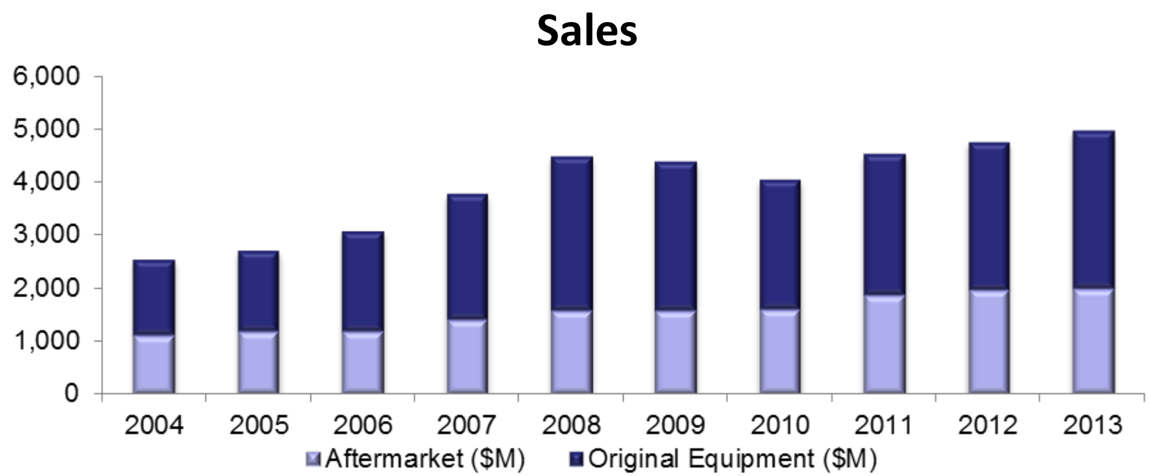
FINANCIAL UPDATE

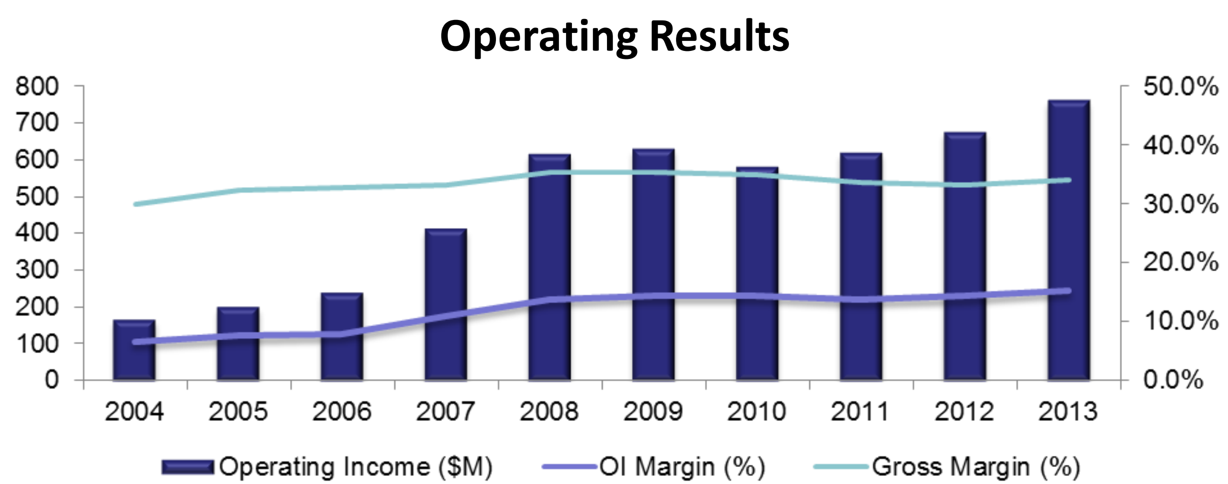
Mike Taff, *SVP and CFO*

Significant Themes

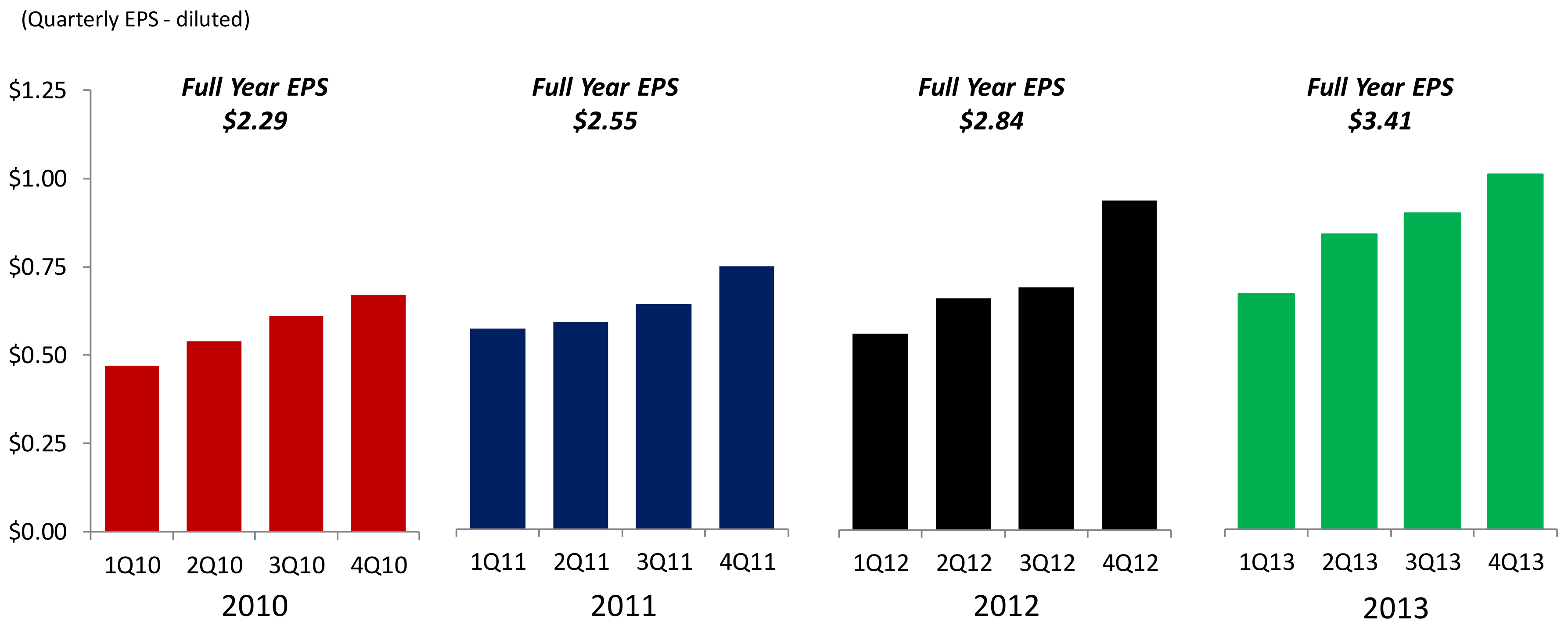
- Continue to build momentum on margin expansion and cash flow
  - Focus on operational metrics & cost control supports margin growth
- Maintain top-tier performance vs. peers
  - EBITDA growth and margin expansion
  - Return on capital
- Commitment to improve working capital
- Track record of returning capital to shareholders
- Solid bookings growth and backlog – despite market uncertainty
  - Growth supported by operational excellence and improved cost structure
- Further optimized capital structure in 2013
- Foreign exchange impact
- Strong balance sheet
- Guidance and driving shareholder value

Strong Annual Financial Performance





EPS Seasonally Second-Half Weighted



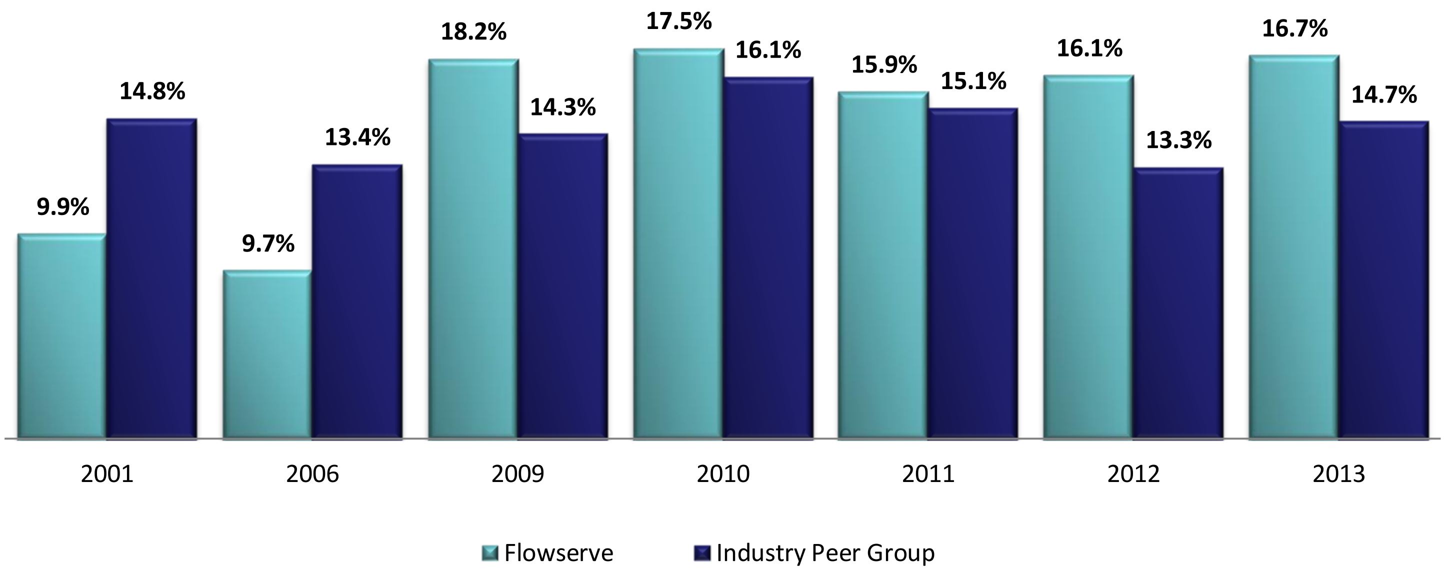
Earnings continue to be seasonal – absent transaction gains such as those benefiting Q1 of 2012 and 2013, expect over 80% of full-year 2014 target range will be generated during final three quarters of the year

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

FLOWSERVE

Top-Tier EBITDA Margin Performance

	2001-2013 Change in Margin	2006- 2013 Change in Margin
FLS	680 bps	700 bps
Industry Peer Group	-10 bps	130 bps

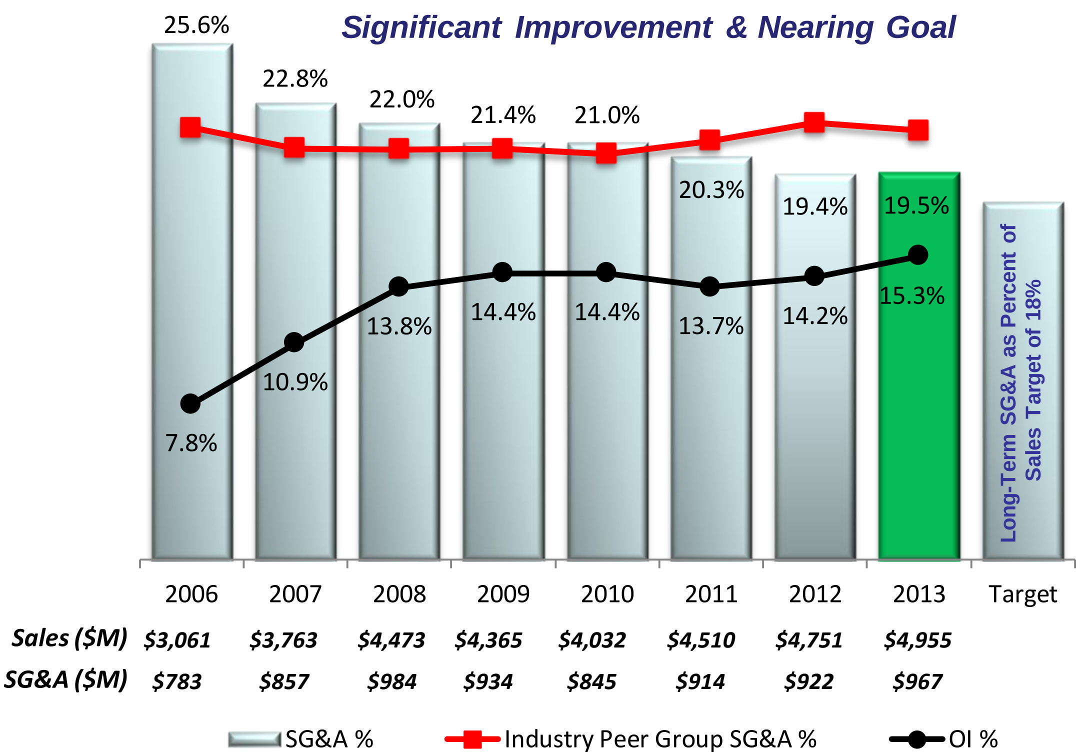


Industry Peer Group includes: CAM, EMR, PNR, SPW, Smiths Group, CR, KSB, ITT, Sulzer

EBITDA margin improvement through aggressive focus on cost control and successful integration of acquisitions

Driving Expense Management Culture

SG&A / Sales

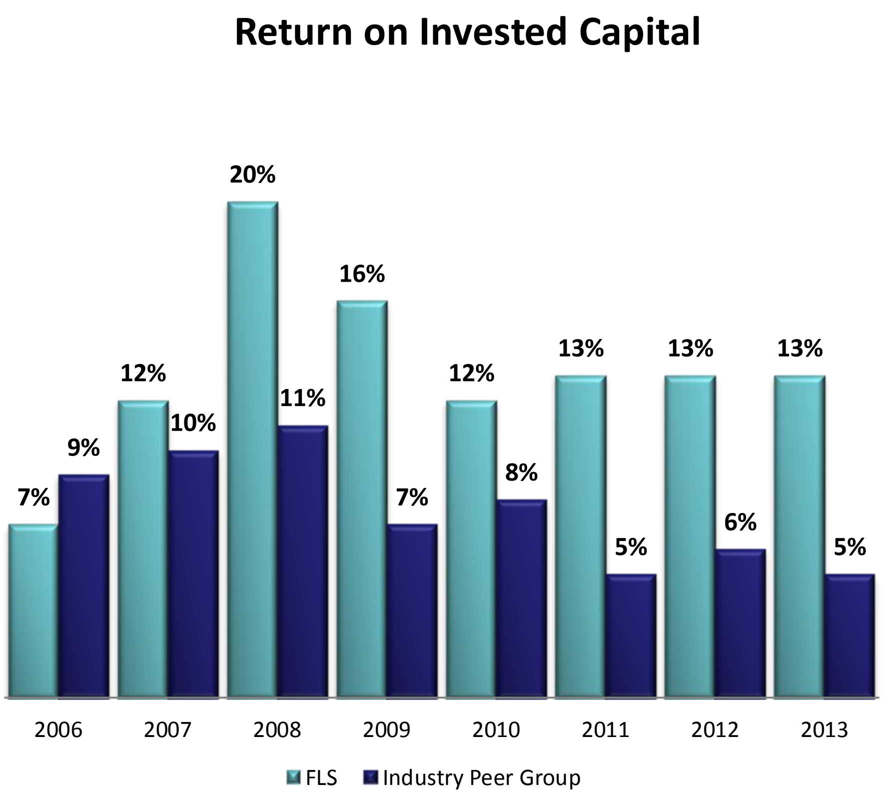


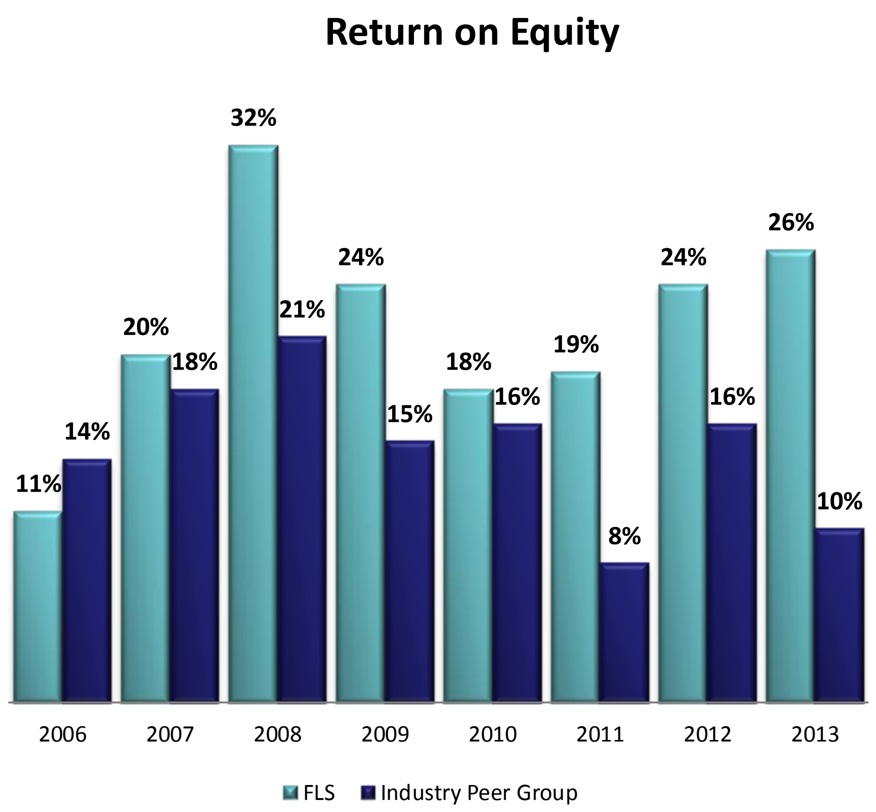
Source: Company filings, FactSet, Bloomberg
Note: Industry Peer Group includes: CAM, EMR, PNR, SPW, Smiths Group, CR, KSB, ITT, Sulzer

- Achieved 750 bps improvement in operating margin since 2006
  - In spite of 2013 realignment program and 2012 gain on sale, SG&A / Sales increased only 10 bps in 2013 vs. 2012
  - Ongoing focus on improving SG&A leverage and cost control
- Maintain long-term goal of SG&A as a percent of sales of 18%
- Balanced approach to expense management during expected period of growth
- Continued investment in aftermarket capabilities through the cycle

Gaining momentum on SG&A as a percent of sales target of 18% while continuing to invest in growth

Consistent Returns Delivered

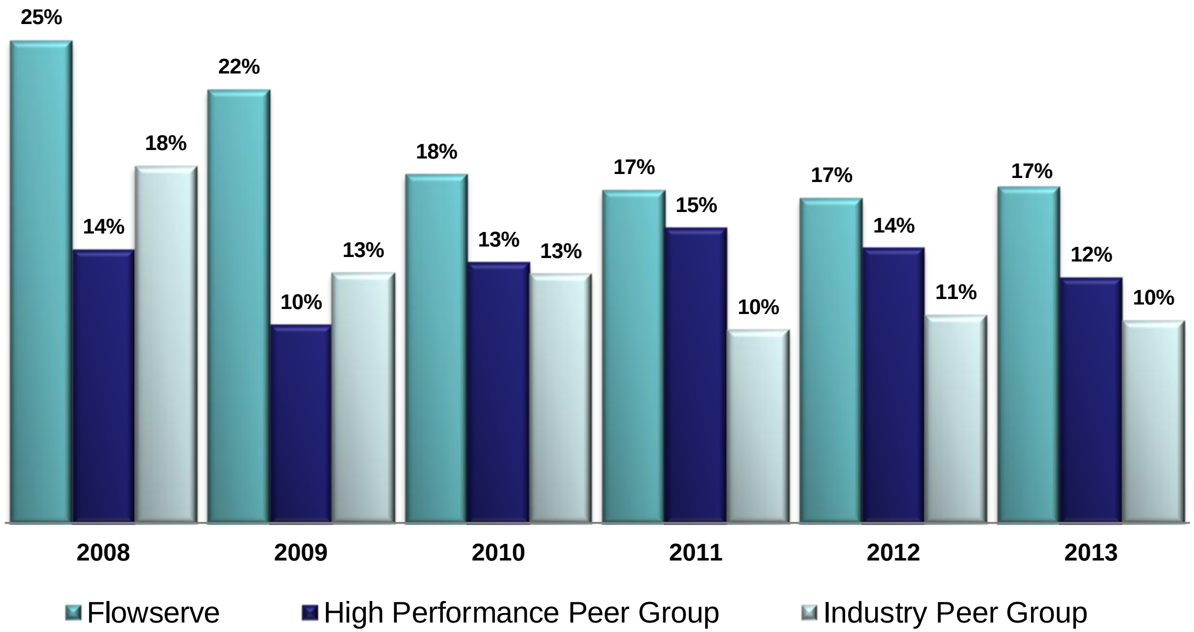




Note: Industry Peer Group includes: CAM, EMR, PNR, SPW, Smiths Group, CR, KSB, ITT, Sulzer

Flowserve ROIC and ROE have continued to outperform industry peers

Top-Tier Return on Net Assets



- RONA used to evaluate the return achieved through investment in fixed assets and working capital
- Senior executive compensation is tied to RONA performance vs. High Performance Peer Group

Source: Flowserve analysis, publicly filed financial statements and investment analyst reports.
RONA is based on the average of the beginning and ending net assets for the year measured.
Industry Peer Group includes: CAM, EMR, PNR, SPW, Smiths Group, CR, KSB, ITT, Sulzer
High Performance Peer Group, a group comprised of high performance cyclical industrial manufacturers as outlined in the Form DEF 14A of our proxy filing used for calculating incentive compensation

Flowserve outperformed industry and high performance peers over the last five years

Improved Cash Flow Generation

Strong free cash flow driven by:

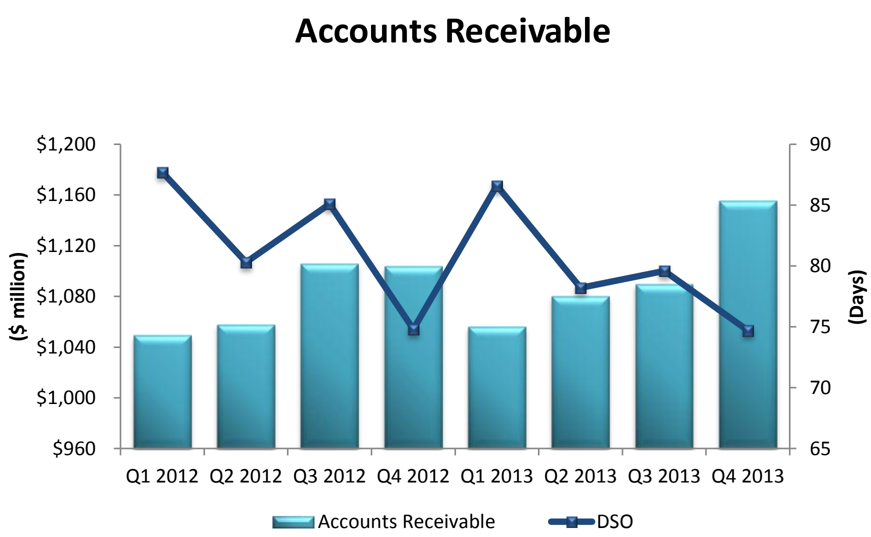
- Increased investment in emerging markets and aftermarket capabilities
- Operational excellence
- Capital expenditures in excess of depreciation to drive organic growth is headwind to FCF conversion

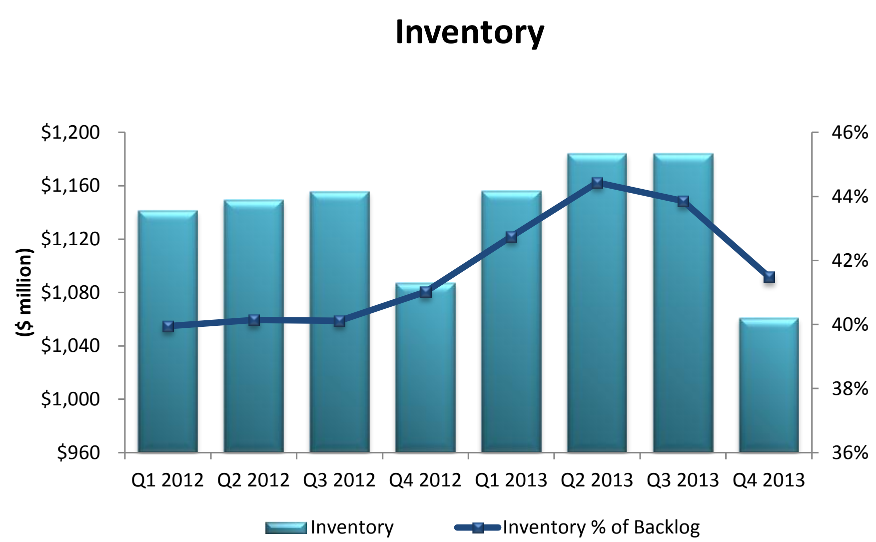
($Millions)	2007	2008	2009	2010	2011	2012	2013
Operating Cash Flow	$417	$409	$431	$356	$218	$517	$488
Capital Expenditure	($89)	($127)	($108)	($102)	($108)	($136)	($139)
FCF	$328	$282	$323	$254	$110	$381	$349

* FCF = Operating Cash Flow – Capital Expenditures
** FCF Conversion = Free Cash Flow / Net Income

While work remains, we continued to generate solid free cash flow in 2013 while targeting free cash flow to equal net income level on a long term basis

Working Capital Improvement





- Continue to make progress in working capital improvement despite increased sales to emerging markets
  - Implementing best practice projects in collections, progress billing and inventory management
  - Successfully reduced past-due backlog to 4% at the end of 2013; lowest level since 2009

Gaining traction on accounts receivable through dispute identification, resolution and collection process improvements

Working Capital Initiatives

- In 2012, began evaluating Flowserve's working capital management practices focusing on accounts receivable and inventory performance
  - Improvement opportunities were identified and we have provided tools, process flows, and scorecards to 10 selected sites

Working Capital	Initiatives
Accounts Receivable	
– Terms of Sale	Developed enhancements in the Sales Approval Process by rationalizing terms and tightening policy on extended terms
– Progress Billing	Reviewing more favorable progress payment structures as part of Sales Approval Process
– Collections	Developed analytics and best practice documents for site activity based on customer segment and cash target; utilizing electronic invoicing to reduce mail float
– Dispute Management	Driving documentation and clean order; currently evaluating IT requirements for global rollout
Inventory	
– Clean Order	Identifying root causes associated with order definition errors and completeness during Order Acquisition; optimizing order entry process so that it's complete and accurate
– Inventory Management	Enforcing site level ownership from Supply Chain and Inventory Managers and establishment of common metrics
– Supply / Demand Sync	Negotiating terms that minimize Flowserve's inventory investment based on right material, at right time, in right amount to deliver on plan
– Supplier Performance	Tightening "on-time" performance for suppliers

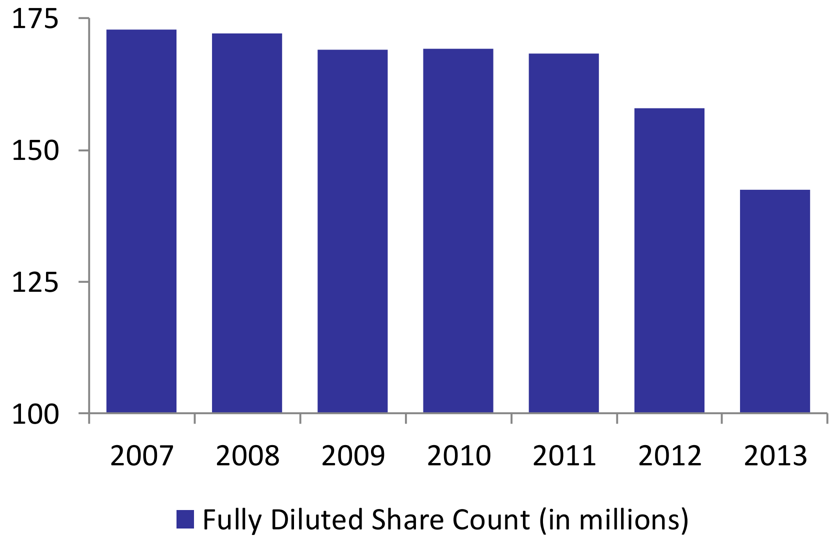
Strategic Approach to Deploying Capital

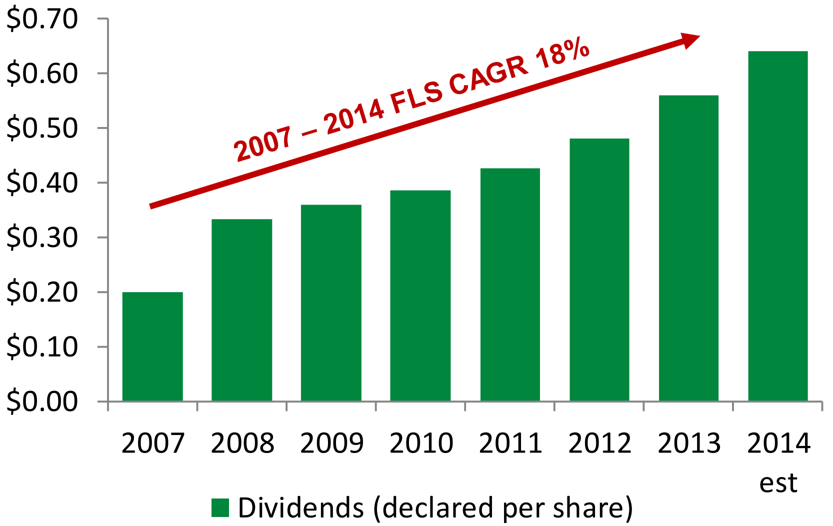
- Capital spending focuses on most accretive, long-term investment in both the operating platform and returning capital to the shareholder
  - Capital expenditures support ongoing revenue & earnings growth
  - Shareholder payout ratio of 40 – 50% for dividends and share repurchases
  - Debt level expected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

Category	2006-2013	% of Total
Share Repurchases & Dividends	$2.16B	51%
Capital Expenditures	$883M	21%
Acquisitions, net of divestitures	$307M	7%
Debt Payment & Elimination of Factoring	$277M	7%
U.S. Pension Contributions	$257M	6%
Realignment	$78M	2%
Increase in Cash	$268M	6%

Consistent Returns to Shareholders

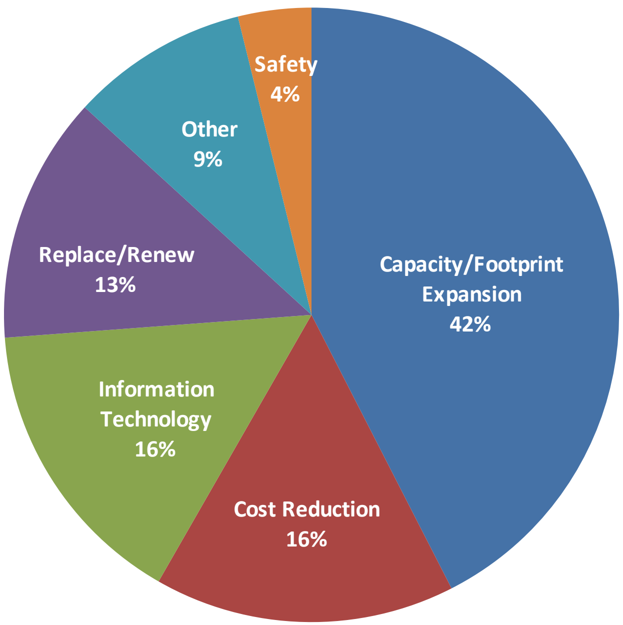
- Total diluted share count has been reduced by nearly 16% since 2005
- Cumulative annual declared dividends increased 220% to the anticipated $0.64 per share in 2014 from $0.20 per share in 2007





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

Directional CAPEX Profile



- Expanding our manufacturing capacity and QRC network, primarily in emerging markets
- Continue to upgrade production equipment to improve industry-leading operational performance
- Invest in additional information systems to improve support function integration and reduce costs

Capital Spending supports strategic organic growth

Capital Structure Policy

- Our capital structure strategy continues to provide adequate liquidity and balance sheet flexibility to fund future growth opportunities
  - Long-term target gross leverage ratio of 1.0x-2.0x total debt to EBITDA
  - Completed $1 billion stock repurchase program in 2013
    - In February 2013, replenished share repurchase authorization to $750 million
    - At year-end 2013, $384 million remained authorized for share repurchase
  - Maintain a policy of annually returning 40-50% of running two-year average net earnings through share repurchases and dividends
- Upgraded to investment grade by all major rating agencies in 2012 and subsequently upgraded in 2013 by Moody’s and Fitch to Baa2 and BBB, respectively

FLOWSERVE

Progress on Capital Structure in 2013

FLOWSERVE

Flowserve Corporation

$300,000,000

4.000% Senior Notes due 2023

The notes will bear interest at the rate of 4.000% per year. Interest on the notes is payable on May 15 and November 15 of each year, commencing on May 15, 2014. The notes will mature on November 15, 2023. We may redeem some or all of the notes at any time before maturity at the price discussed under the section entitled "Description of the notes and guarantees—Optional redemption" beginning on page S-27 of this prospectus supplement.

The notes will be our senior unsecured obligations and will rank equally with all of our other unsubordinated indebtedness from time to time outstanding. Holders of any secured indebtedness will have claims that are prior to your claims as holders of the notes, to the extent of the value of the assets securing such indebtedness, in the event of any bankruptcy, liquidation or similar proceeding. At the time of issuance, the notes will be guaranteed on a senior unsecured basis by each of our domestic subsidiaries that is a guarantor under our primary bank credit facility. The notes will be structurally subordinated to the indebtedness and other liabilities of our non-guarantor subsidiaries. See "Description of the notes and guarantees."

The notes will not be listed on any securities exchange. There is currently no public market for the notes. The notes are a new issue of securities with no established trading market.

Investing in the notes involves risks. See the section entitled "Risk factors" beginning on page S-16 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Public Offering Price	Underwriting Discounts	Proceeds to Flowserve Corporation (before expenses)
Per Note	99.532%	0.650%	98.882%
Total	$ 298,596,000	$ 1,950,000	$ 296,646,000

Interest on the notes will accrue from November 1, 2013 to the date of delivery.

Securities entitlements with respect to the notes will be credited on or about November 1, 2013, in book-entry form through the facilities of The Depository Trust Company to the accounts of its participants, including Clearstream Banking, *société anonyme*, and Euroclear Bank S.A./N.V., as operator of the Euroclear System, on behalf of the purchasers.

It is expected that delivery of the notes will be made against payment therefor on or about November 1, 2013, which will be the fourth business day following the date of pricing of the notes (this settlement cycle being referred to as "T+4"). You should note that trading of the notes on the date of this prospectus supplement may be affected by settlement. See "Underwriting (Conflicts of interest)" beginning on page S-45 of this prospectus supplement.

Joint book-running managers

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

Credit Agricole CIB

Co-managers

BB&T Capital Markets **BBVA** **Citigroup** **SMBC Nikko**

October 28, 2013

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT TO CREDIT AGREEMENT, dated as of October 4, 2013 (this "Amendment"), is entered into among FLOWSERVE CORPORATION, a New York corporation (the "Borrower"), the Guarantors party hereto, the Lenders party hereto and BANK OF AMERICA, N.A., as Administrative Agent for the Lenders (in such capacity, the "Administrative Agent"). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Credit Agreement (as defined below).

RECITALS

WHEREAS, the Borrower, the Guarantors, the Lenders and the Administrative Agent are parties to that certain Credit Agreement, dated as of August 20, 2012 (as amended or modified from time to time, the "Credit Agreement"); and

WHEREAS, the parties hereto have agreed to amend the Credit Agreement as provided herein.

NOW, THEREFORE, in consideration of the agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

1. Amendments.

(a) The definitions of "Aggregate Revolving Commitments", "Eurocurrency Base Rate", "Guarantors", "Interest Period", "L/C Issuer", "Letter of Credit Sublimit", "Mandatory Cost", "Maturity Date", "Obligations", and "TARGET Day" appearing in Section 1.01 of the Credit Agreement are hereby amended to read as follows:

"Aggregate Revolving Commitments" means the Revolving Commitments of all the Lenders. The initial amount of the Aggregate Revolving Commitments in effect on the First Amendment Effective Date is $1,000,000,000.

"Eurocurrency Base Rate" means

(a) for any Interest Period with respect to a Eurocurrency Rate Loan,

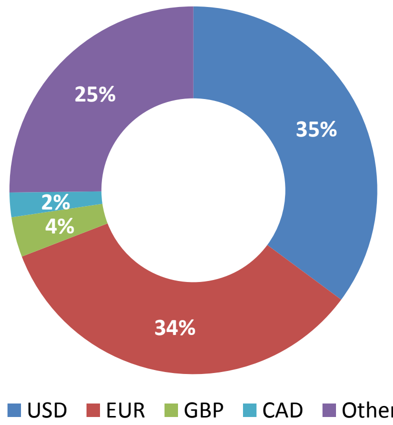
(i) in the case of Eurocurrency Rate Loan (other than with respect to a two week Interest Period) denominated in a LIBOR Quoted Currency, the rate per annum equal to the London Interbank Offered Rate ("LIBOR") or a comparable or successor rate, which rate is approved by the Administrative Agent, as published on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) (in such case, the "LIBOR Rate") at or about 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, for deposits in the relevant currency (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period;

- Issued $300 million of 10-year, 4.0% senior notes
- Amended and increased the revolving credit facility by $150 million and extended maturity to October 2018
- Returned over $535 million to shareholders through dividends and share repurchases
- Year-end leverage ratio of 1.4x EBITDA; at mid-range of 1-to-2x target
- Announced a 14.3% dividend increase to 16 cents per share / quarter in February 2014

Disciplined Foreign Currency Management

- Approximately 2/3 of revenue is translated into US dollars from non-US dollar reporting entities
- FX forwards are executed on large contracts to lock in the cash margin at the project award date
  - Approximately half of Europe's manufacturing is for export
- Most FX forwards are "marked-to-market" each quarter and impact earnings in "Other Income/Expense"
  - Reported gain/loss on the non-designated hedges will have a reverse impact in gross margin in future quarters as revenue is recognized (assuming constant currency rates going forward)
- During Q4 2013, we elected to designate certain forward exchange contracts as hedging instruments and apply hedge accounting to those instruments

2013 Sales Currency



FX Contracts (USD Equivalent)

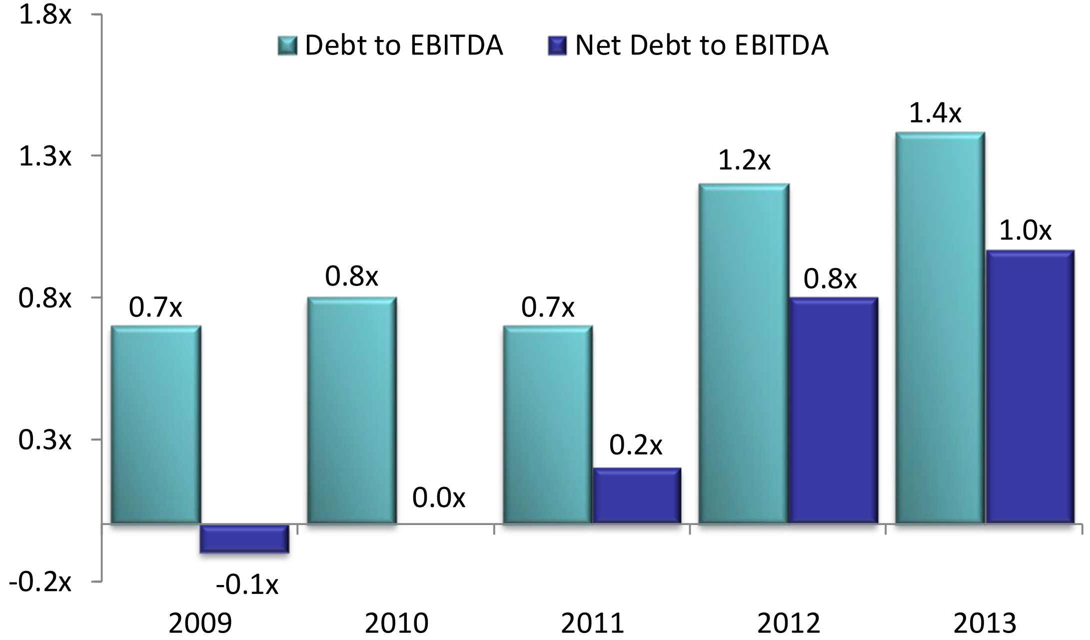
	YE 2012	YE 2013
Notional Outstanding	$609M	$617M

Foreign currency risk management strategy minimizes fluctuations in cash flow from foreign exchange rate movements

FLOWSERVE

Flexibility with Strong Balance Sheet

- Maintain gross leverage target of 1.0x-2.0x debt to EBITDA
- Conservative balance sheet management through the cycle provided flexibility
- Financial performance and valued banking relationships should provide access to capital to support strategic objectives



Note: Net Debt equals total debt less cash and cash equivalents

Efficient capital structure supports investments to grow the business and return cash to shareholders

Long-Term Capital Deployment Plan

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

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

Growth is a heightened priority through 2018

Financial Commitments Made and Delivered

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

Continue to deliver on our commitments

2014 Outlook

2014 EPS [1]	$3.65 – $4.00
Revenue Growth (Constant Currency)[2]	**3 – 6%**
Tax Rate	~30%
Capital Expenditures	$130 – $140 M
Pension Contributions	$30 – $35 M
Scheduled Debt Reduction	$40 M
Longer Term Guidance:	
Operating Margin Improvement (from 2011 levels)	150 – 250 bps
SG&A as a Percent of Sales	18%

[1] Similar to recent years, 2014 earnings are expected to be second half weighted
[2] Excludes potential impact of acquisition or divesture activity that may arise

FLOW CONTROL DIVISION

Jeff Drees, *President*

Flow Control Division Overview

- Executive Background
- Areas of Responsibility
- Benefits of One Flowserve
- Business Overview

Path Forward for FCD

- **Continue driving profitable growth by building on the strength of our heritage brands and global Flowserve platform**
  - Global accounts; channel expansion; leverage aftermarket capabilities
- **Geographic Expansion** to better serve our end-users, grow local sales as well as provide a low-cost export base
  - Sales coverage; QRCs; low cost export
- **Broaden portfolio through innovation and product development**
  - Launched LPS, a new portfolio of fluid power actuation
  - Currently have >100 R&D projects in the pipeline
- **Achieve operational improvements** by focusing on gross margin, cost of quality and on-time delivery
- **Digitize our business**
  - Serve more customers over the web
  - Invest in configuration tools for our customers

ENGINEERED PUMP OPERATIONS

Kim Jackson, *President*

Engineered Pump Operations Overview

- Executive Background
- Areas of Responsibility
- Benefits of One Flowserve
- Business Overview

Path Forward for EPO

- **Differentiate thru Operational Excellence:** Best practice & processes, globalized across one platform.

- **Utilize our Global Footprint:** Leverage rich heritage, intelligence and aptitude established in developed countries to continue to grow in emerging countries. Operating locally in key markets based on global best practice

- **Engage and Empower** our key asset . . . People

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jroueche@flowserve.com

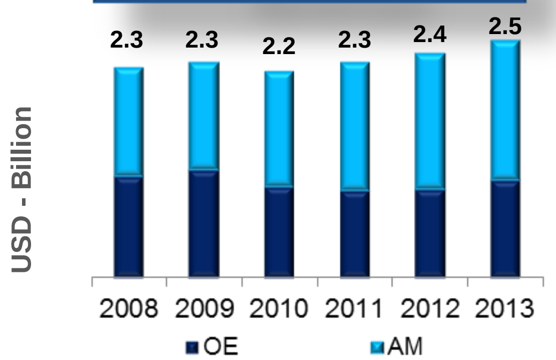
Mike Mullin
972.443.6636
mmullin@flowserve.com

FLS LISTED NYSE

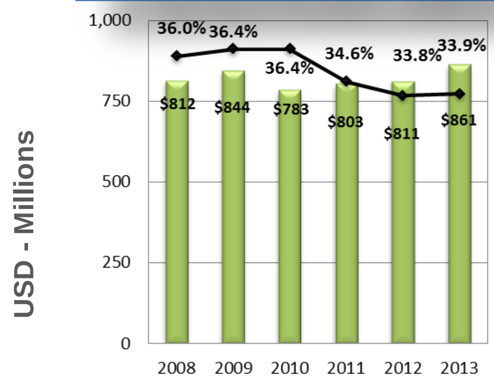
Appendix

EPD – Late Cycle Project Exposure

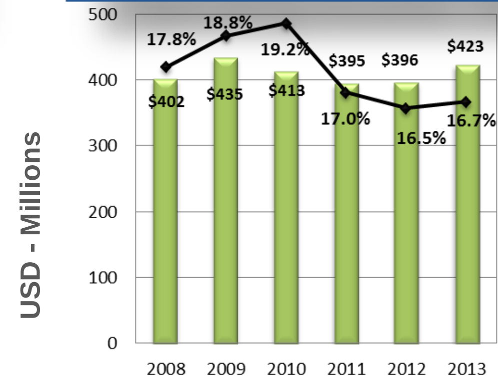
Revenues



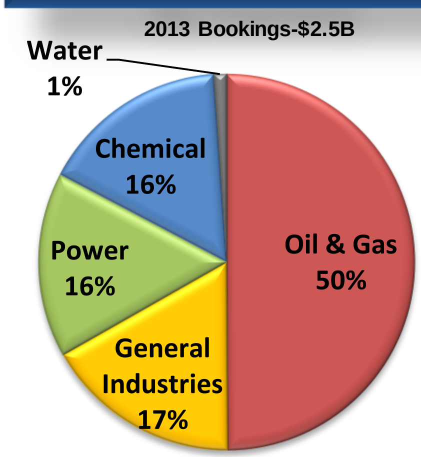
Gross Profit / GM%



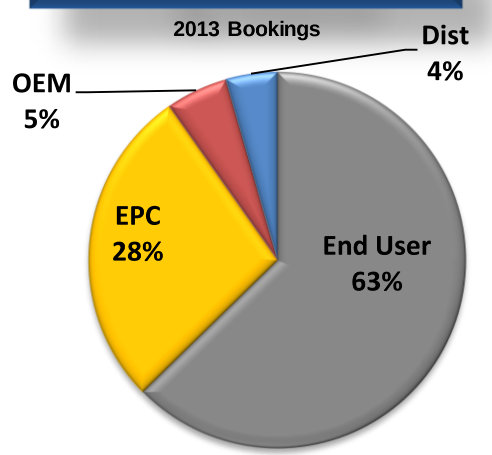
Operating Income / OI%



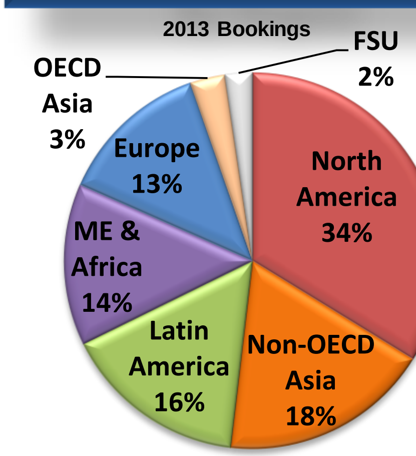
By Industry



By Channel



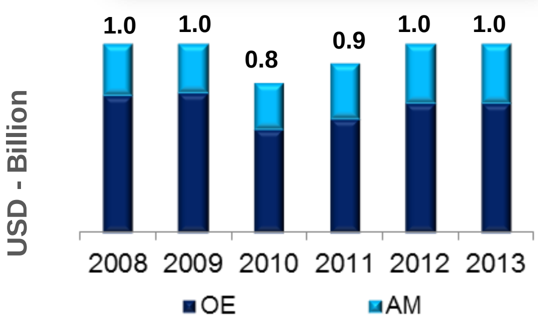
By Region



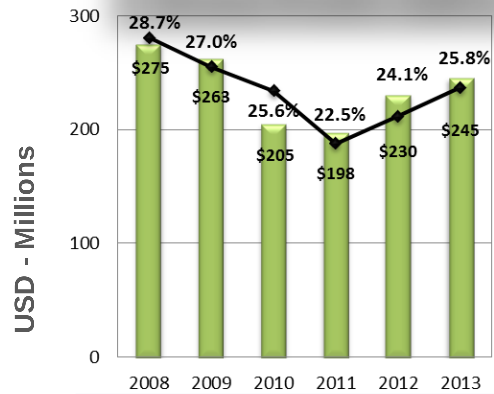
Opportunity for continued operational improvement, leverage and earnings flow-through. Large OE activity primarily seen here.

IPD – Improved Platform

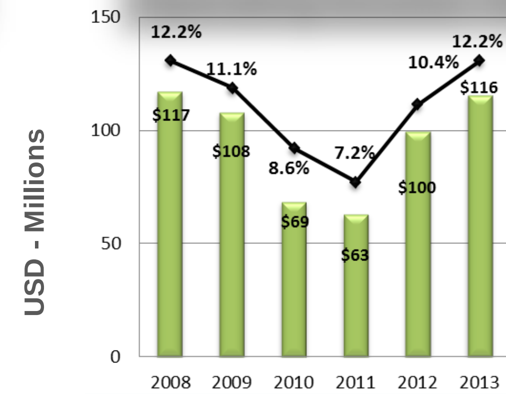
Revenues



Gross Profit / GM%

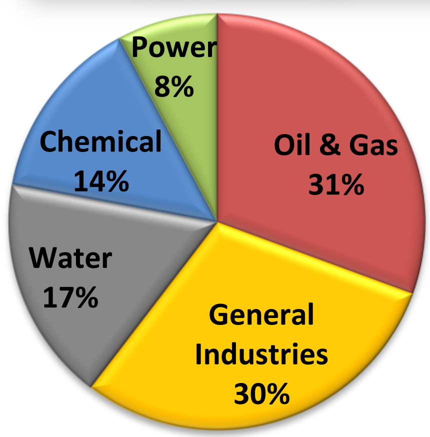


Operating Income / OI%



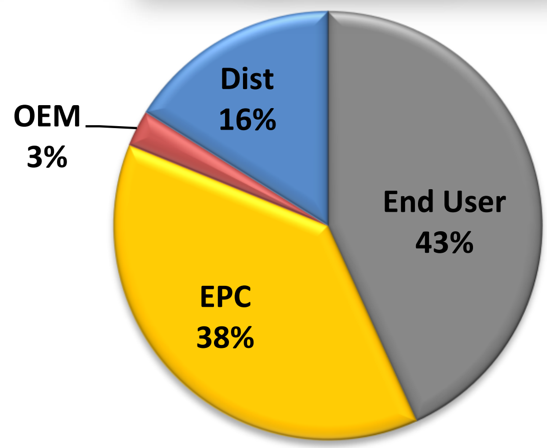
By Industry

2013 Bookings-$0.9B



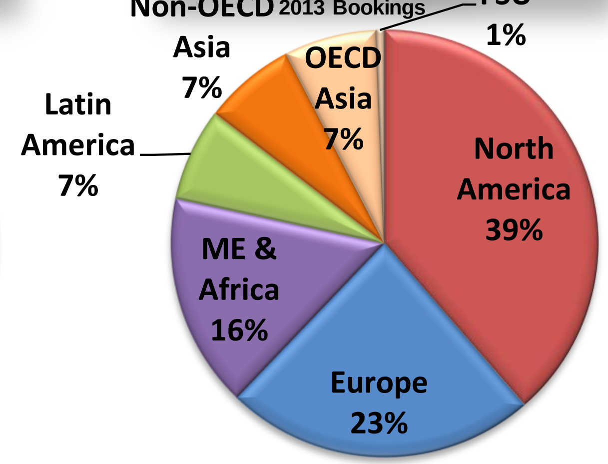
By Channel

2013 Bookings



By Region

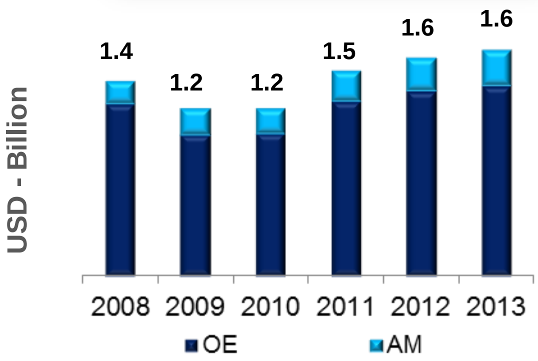
2013 Bookings



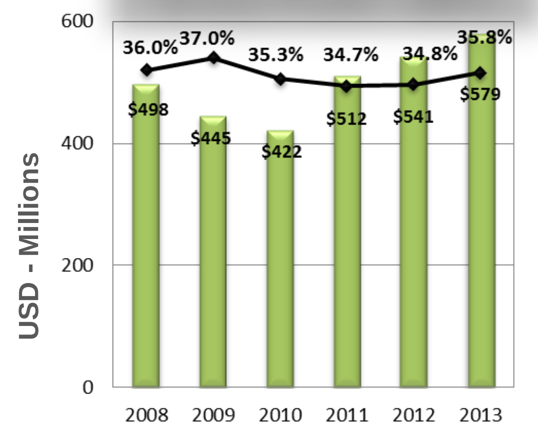
Significant turnaround progress, ready for growth

FCD – Earned the Right to Grow

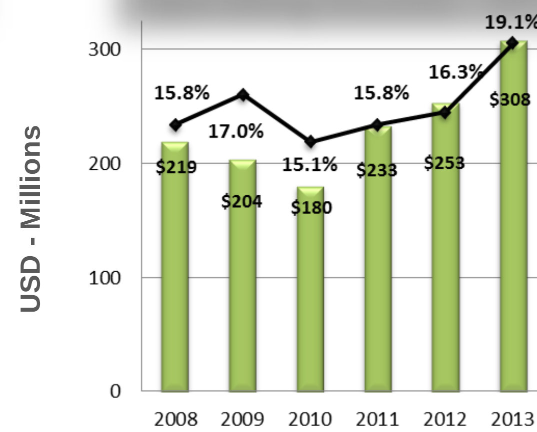
Revenues



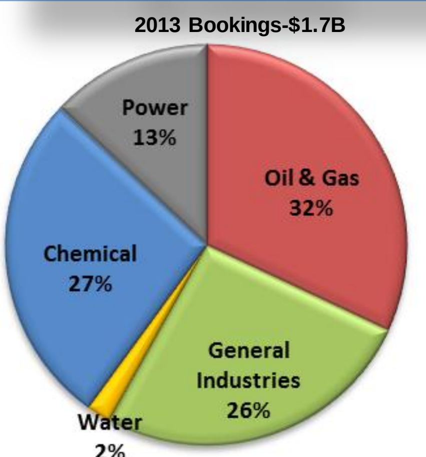
Gross Profit / GM%



Operating Income / OI%



By Industry



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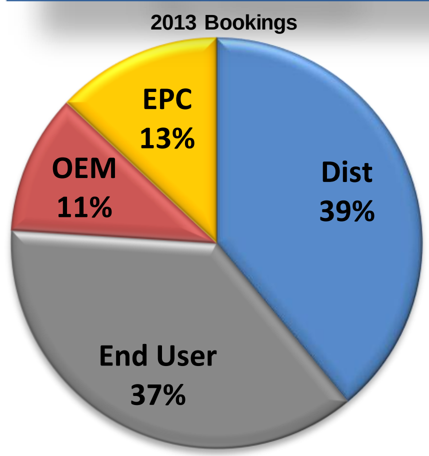
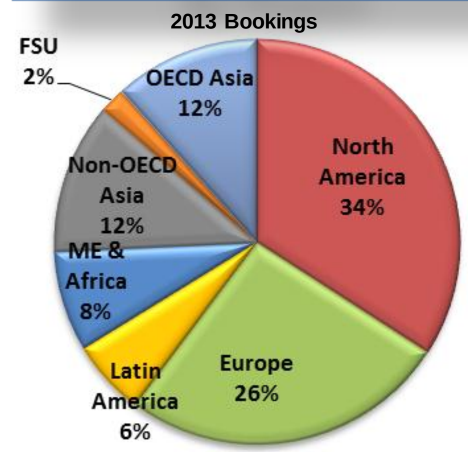


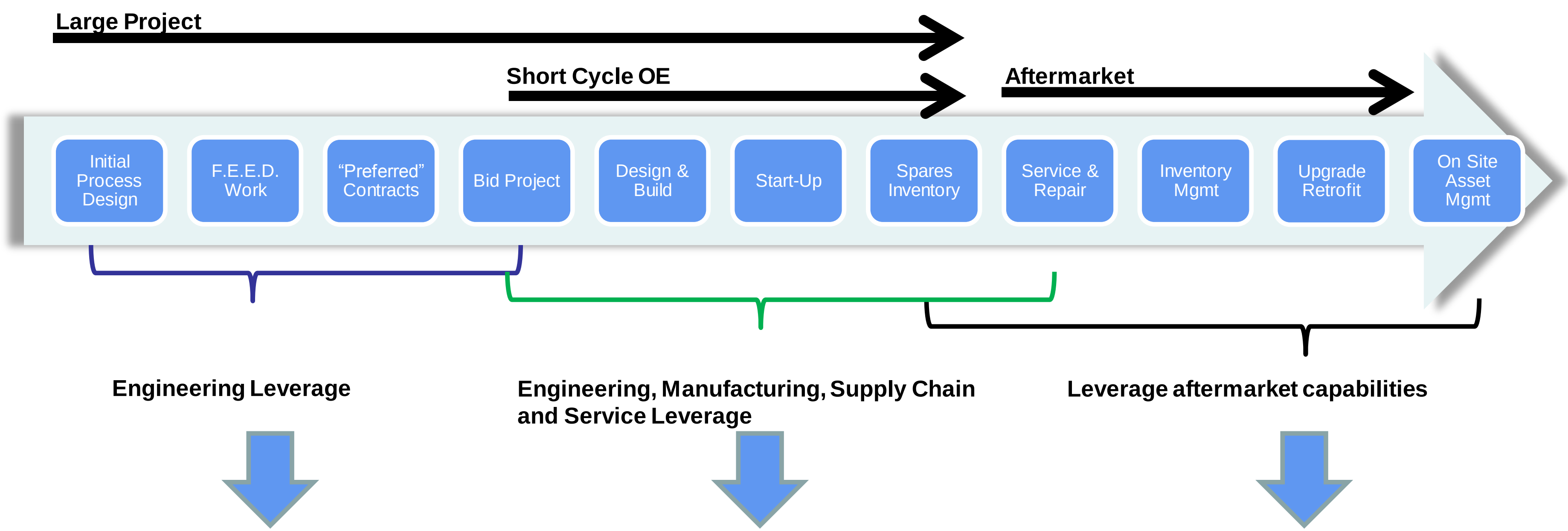
By Region



Focused on continued strong operating performance and <u>growth</u>

Providing Value Throughout the Entire Schedule

Installed base expansion leads to increased aftermarket opportunities



Leveraging Global Competencies

(operations, supply chain, HR, finance, IT, legal, R&D, quality, marketing, project management)

"One Flowserve"