

		<b>POLICY</b>
<b>Approvers:</b>	Lars Rosene, chief sustainability officer and vice president, public affairs  Paul Fehlman, vice president financial planning & analysis and investor relations	<b>Media and Investor Relations Disclosure Policy</b>  <b>THIS VERSION SUPERSEDES ALL VERSIONS OF THE DISCLOSURE POLICY FIRST APPROVED IN NOVEMBER 2003</b>
<b>Owners:</b>	Lars Rosene and Paul Fehlman	
<b>Contacts:</b>	lrosene@flowserve.com	
<b>Audience:</b>	All Flowserve Employees	
<b>Revised:</b>	May 21, 2009	

**EXECUTIVE SUMMARY**

Flowserve Corporation (“Flowserve” or the “Company”) is committed to providing timely, orderly, consistent and credible material information to the full complement of its external audiences.

It is Flowserve’s policy that information released publicly by Flowserve via oral or written communication to any audience shall be accurate and timely, as well as compliant with legal and regulatory requirements, including, without limitation, Regulation FD adopted by the Securities and Exchange Commission (“SEC”), to enable orderly behavior in the financial markets.

Given the Company’s interest in ensuring accuracy and timeliness regarding its external communications, and the adverse legal and financial consequences that can potentially result from a failure to do so, the Company has developed detailed guidelines and procedures for receiving requests for, and ultimately disclosing, material information. Please refer to the full text of this policy for a full description of the Company’s guidelines and procedures.

The Company and all persons to whom this policy is applicable must adhere to this policy and its procedures in all circumstances, regardless of the favorable or unfavorable nature of such information. Adherence to this policy will promote the Company’s goal of providing external audiences with equal access to material information by making all required disclosures on a broadly disseminated basis.

*A violation of this policy constitutes a violation of the Company’s Code of Business Conduct, and carries with it disciplinary actions, up to and including involuntary discharge.*

**PURPOSE**

The purpose of this policy is to provide clear guidelines and procedures for receiving external requests for, and making disclosure of, material information in order to promote the Company’s goal of providing accurate and timely communications on a broadly disseminated basis and thereby helping to ensure compliance with Regulation FD.

**SCOPE**

This policy applies to all Flowserve employees, members of the Board of Directors and all Flowserve divisions, agents and affiliates.

## **BASICS OF REGULATION FD**

Regulation FD generally requires that if the Company or certain designated persons discloses material non-public information selectively to market professionals or shareholders, then the Company must publicly disclose the same information. If the information has been intentionally disclosed, the Company must make a simultaneous public disclosure of the information. If the information has been inadvertently disclosed, the Company must publicly disclose the information as soon as reasonably practicable.

### **Recipients of Information**

The applicability of Regulation FD is limited to information disclosures to certain classes of recipients, which include securities market professionals and their affiliated or associated persons. It also includes shareholders of the Company in circumstances where it is reasonably foreseeable that the recipient will trade based on the information. These regulated recipients are referred to as “covered persons.”

Regulation FD does not generally apply to legitimate, ordinary communications with customers, suppliers and business partners (except where such persons are also shareholders), or to communications with persons who owe the Company a duty of trust or confidence (such as an attorney or accountant).

### **Nature of Information Disclosed**

Regulation FD requires public disclosure only if the information originally disclosed is both *material* and *non-public*.

**Material Information:** Information generally is considered to be material if:

- there is a substantial likelihood that a reasonable investor would consider the information important in deciding whether to buy, sell or hold the securities in question; or
- the information, if disclosed, could be viewed by a reasonable investor as having significantly altered the total mix of information available.

In other words, if a person learns something that leads that person to want to buy, sell or hold securities, the information should be considered material. Thus, even speculative information, and information that is not material on its own, can be material in the proper set of circumstances.

Material information can be either positive or negative. Some examples of material information are:

- key information about financial results, including projections;
- a change in earnings projections or unexpected or unusual gains or losses;
- a pending merger or prospective acquisition, financing, significant sale of assets or disposition of a business unit or subsidiary;
- significant changes in prices, customers or suppliers;
- major changes in management or board of directors;
- entry into or termination of a major license agreement or other contract; and
- the development or release of a new product or service or changes in a previously announced schedule for the development or release of a new product or service.

The above list is only illustrative, and unfortunately, no one can define in advance exactly what information is material. The determination of whether information was material is almost always made in hindsight when the effect on the market can be quantified. Therefore, if there is any uncertainty, you should presume that the information is material.

**Non-public Information:** Information is “non-public” if it is not available to the general public. For information to become public, it should be widely disseminated in a manner making it generally available to investors, such as in a press release or other similar public statement, including any filing with the SEC. Keep in mind that the circulation of information by third parties, even if accurate and reported in the media, does not constitute effective public dissemination unless and until publicly confirmed or denied by Flowserve.

## **RESPONSIBILITIES AND PROCEDURES**

All Flowserve personnel are accountable for the accuracy of the information they make available to the media or public. In light of the requirements of Regulation FD and the Company’s commitment to providing timely, orderly, consistent and credible material information to the full complement of its external audiences, the Company has developed the following responsibilities and procedures for controlling and disclosing material non-public information.

The adverse legal and financial consequences that can potentially result from a failure to satisfy these standards, to both the Company and any individual making the disclosure, require that this policy’s guidelines and procedures be adhered to by all persons and in all circumstances, regardless of whether the outcome is favorable or unfavorable.

### **Persons Authorized to Speak for the Company**

#### **Communication with the Investment Community**

Disclosure Policy Committee. As Regulation FD can apply to disclosures made by any person acting on behalf of the Company, the Company has established a Disclosure Policy Committee. The Disclosure Policy Committee consists of Flowserve’s:

- chief financial officer;
- general counsel;
- vice president of investor relations; and
- chief sustainability officer and vice president of public affairs.

It is the Disclosure Policy Committee’s responsibility to react quickly to material developments, make recommendations to the chief executive officer and ensure that the chief executive officer is made aware of all news releases prior to issuance. The Disclosure Policy Committee will meet at least quarterly and more frequently as conditions dictate. The Disclosure Policy Committee will systematically review the Company’s prior disclosures, SEC filings and other publicly-available information to determine whether any updating or correcting is appropriate.

The Disclosure Policy Committee provides final review and approval of any Flowserve communication that includes material non-public information. *Most importantly, members of the Disclosure Policy Committee are the ONLY individuals, other than the CEO, designated by the Company as authorized to speak to members of the investment community without the prior express permission of the CFO.*

Requirements for All Other Unauthorized Persons. With the exception of a specific designation or authorization by a member of the Disclosure Policy Committee, all other Flowserve employees and members of Flowserve's board of directors are NOT to respond in any circumstance to inquiries from the investment community.

*Employees must refer all calls or other requests from the financial community or shareholders to the vice president of investor relations.*

**Primary Investor Contact:** Paul Fehlman  
Vice President, Financial Planning & Analysis and Investor Relations  
Office: (972) 443-6557  
Cell: (214) 697-2875

### **Communication with the Media**

Global Public Affairs and Communications Department. As with communications with the investment community, the Company has a similar interest in controlling disclosures made to the news media. As such, Flowserve's global public affairs and communications department is the primary point of contact for ALL media inquiries. *Flowserve employees must receive explicit authorization from the global public affairs and communications department before discussing ANY Flowserve-related business with the news media or other external audiences.*

Principal Spokesperson. The chief sustainability officer and vice president of public affairs, or his designee, is the Company's principal spokesperson.

Other Spokespersons. Depending on the news being communicated, the chief executive officer or other members of the Disclosure Policy Committee or their designees may also serve as Company spokespersons.

Senior managers within the Company or its operating units may from time to time also be designated as the primary spokespersons to respond to specific inquiries, as determined to be necessary and appropriate. Approval for other spokespersons must be granted by the Principal Spokesperson or the Disclosure Policy Committee.

Requirements for All Other Unauthorized Persons. Material non-public information must only be communicated by authorized spokespersons through appropriate channels to promote the Company's disclosure goals and compliance with Regulation FD. *Employees who are not authorized spokespersons must refer all media inquiries and requests (print, on-line, or television) to the global public affairs and communications department.*

**Primary Media Contact:** Lars Rosene  
Chief Sustainability Officer and Vice President of Public Affairs  
Office: (469) 420-3264  
Cell: (972) 672-7817

### **Preparation of Global Communication Information Products**

The Company's procedure for preparing global communication information products (such as product or project news releases, media alerts, media pitch letters, guest editorials or briefing documents) in support of communications activities with external audiences generally consists of:

- drafting the information product;
- circulating it for review by the appropriate parties;
- providing it to the members of the Disclosure Policy Committee for review, if necessary;
- reviewing the release with the chief executive officer, if necessary, and other officers as appropriate;
- alerting the New York Stock Exchange (“NYSE”), as appropriate; and
- disseminating the release through a national wire service, other distribution channels and/or the SEC so as to effect broad dissemination to the public and compliance with SEC regulatory requirements.

### **Involvement of Key Spokespersons and Disclosure Policy Committee**

The vice president of global communications and public affairs must be apprised of all news media contacts for initial review and potential approval. It is essential that all members of the Disclosure Policy Committee remain fully apprised of all internal developments so they are in a position to evaluate and discuss those events and any other material information that may impact the disclosure process (e.g., the status of any acquisition activities, material operational developments, extraordinary transactions, senior management changes, etc.).

### **News Releases and Announcements**

Where immediate and broad dissemination of material information is necessary, the Company will use a news release. A news release will be issued on all new material developments, unless the Disclosure Policy Committee determines that such developments must remain confidential for the time being and appropriate control over the information is maintained. Any news release containing material non-public information will be reviewed and approved by the Disclosure Policy Committee.

Any news release will be transmitted to the appropriate wire service and will be monitored to confirm release. A notice of the release and a copy, when appropriate, must be delivered to the NYSE at least 10 minutes in advance of the transmission. This time period should be increased for releases transmitted during normal trading hours.

Global Communications. When considering public announcements, the originating individual(s) must:

- communicate with the vice president of global communications and public affairs and the vice president of investor relations in consideration of competing announcements from other segments of the Company;
- prepare the announcement in accordance with the usage and style guidelines specified in the **AP StyleGuide**;
- Keep the vice president of global communications and public affairs informed of all scheduled public announcement(s), in advance and in a timely manner;
- engage the vice president of global communications and public affairs to participate in the document review process, who shall in turn assess and determine the need to engage the Disclosure Policy Committee in the document review process; and
- engage the appropriate business unit management personnel to participate in

the document review process.

**Business Unit Communications.** When considering public announcements regarding a Flowserve business unit, including but not limited to such activities as project business wins, pricing announcements, product announcements, acquisition/divestiture announcements and unit personnel announcements, the business unit communicators shall:

- prepare the announcement in accordance with the usage and style guidelines specified in the **AP StyleGuide**;
- keep the vice president of global communications and public affairs informed of all scheduled public announcement(s), in advance and in a timely manner;
- engage a legal department representative to participate in the document review process;
- engage the appropriate business unit management personnel to participate in the document review process; and
- communicate with the chief sustainability officer and vice president of public affairs, the vice president of investor relations and the remaining business communicators to learn if competing announcements from other segments of the corporation are scheduled for distribution.

**Forward-Looking Statements – Safe Harbor.** Any oral or written public communication of the Company that contains forward-looking information, such as financial forecasts, operating projections or other prospective information, must be accompanied by appropriate safe harbor language. The general counsel will provide or approve all safe harbor language.

### **Conference Calls**

The Company may conduct conference calls with the investment community concerning the Company's financial results or other matters. These calls will be accessible by the public, and the Company will provide advance public notice of the date, time and means of access. These calls will be made available for replay on the Company's website for a reasonable period after the call.

### **Website Management**

The Company's website can be a valuable tool in promoting compliance with Regulation FD and meeting the Company's disclosure commitments. Accordingly, the Company should maintain a current and accurate corporate website, which will include a global communications section and an investor relations section. In addition to satisfying all regulations and requirements of the SEC and NYSE, at a minimum, the global communications section will immediately and consistently include all Company news releases with releases related to the Company's financial performance cross-linked to the investor relations section.

Moreover, to inform investors of the Company's website and promote its use as an access point for material and otherwise important Company information, in all appropriate Flowserve communications, the global communications department shall include the web site address and shall indicate that the Company routinely posts important information on the Company's website.

## **Responding to Market Rumors**

### **Rumor/Speculation Control**

So long as it is clear that the Company is not the source of a market rumor, the Company and its spokespersons will consistently respond to media rumors/public speculation with the following statement: *“It is Flowserve policy not to comment on rumors or speculation.”*

Should the NYSE request that the Company make a more definitive statement, the determination of whether to do so will be made by the Disclosure Policy Committee.

If a person within the Company is discovered to be the unauthorized source of the market rumor, the Disclosure Policy Committee will determine the appropriate response, including consideration of any disciplinary action, up to and including discharge, against such source.

### **Misinformation**

It is the responsibility of the vice president of global communications and public affairs to promptly undertake appropriate activities to correct factual errors, misquotes and misleading information that is publicly disclosed. The vice president of investor relations is charged with seeking all needed corrections if the misinformation arose from errors made by the vice president of global communications and public affairs.

## **Communications with Analysts and Other Covered Persons**

### **Talking with Analysts and Other Covered Persons**

The vice president of investor relations should be present at all Company meetings or discussions with the investment community. When the Company participates in investor and analyst conferences, any presentation materials must be made publicly-available, and the presentation should be made accessible to the public, where practicable. The planned portion of any conference presentation and the presentation materials must be reviewed in advance by the Disclosure Policy Committee. Advance review by the Flowserve legal department is not necessary in those instances where the presentation includes only information that has been publicly-disclosed or is not material, and safe harbor language for any forward-looking statements used in the presentation has been previously reviewed and approved in accordance with this policy.

According to the SEC, when an authorized spokesperson engages with analysts and investment managers on an individual or small-group basis, that individual is taking on a high degree of risk and must take special care not to inadvertently disclose material non-public information. If a disclosure takes place, that information should be promptly disclosed as required by this policy under “Addressing Disclosures of Material Non-public Information” below.

### **Earnings Estimates and Guidance**

The SEC takes a very liberal interpretation of what constitutes earnings guidance. An express statement of a projected earnings range certainly qualifies, but so does a statement that indicates earnings will be higher, lower or the same as what analysts have forecast, as would a statement that an analyst should “rethink” and

estimate. Signaling and other indirect communications understood by the recipient can also constitute guidance, as can guidance relating to the material items used to calculate earnings (e.g., revenues, costs, contract procurement or cancellation, etc.).

*As such, extreme care must be taken by the Company and its authorized spokespersons when providing earnings guidance and also in responding to requests from analysts, market professionals or shareholders for updated or confirmations of guidance.*

When earnings and other guidance for future periods is provided by the Company, it will be provided in news releases announcing quarterly or annual financial results. If at any time after the Company provides earnings or other guidance a Company spokesperson is asked to confirm or update guidance, is asked about the Company's level of "comfort" with this guidance or is asked whether the guidance remains unchanged (or any other similar inquiry regarding guidance), all spokespersons speaking on behalf of the Company **MUST** respond in the following manner: *"Although business conditions are subject to change, in accordance with Flowserve's policy, the current earnings guidance was effective at the date given and is not being updated until the Company publicly announces updated guidance."*

A similar response should be made if analysts inquire with respect to their specific earnings estimates for the Company. In such cases, the spokesperson may, in his or her discretion, also acknowledge the range of current Wall Street estimates and/or point out any assumptions clearly inconsistent with historical fact or the Company's current guidance.

According to the SEC, a statement that a forecast has "not changed" or that the Company is "still comfortable with" a forecast is no different than a confirmation of a prior forecast. Accordingly, during every non-public meeting with analysts or investors, the Company will make a statement using the above-quoted language or substantially similar language, and will further state that nothing in the meeting shall in any way be interpreted as updating any earning guidance or otherwise superseding the Company's policy that earnings guidance will not be updated until the Company publicly announces updated guidance.

Should the Company decide that previous public guidance should be updated or revised, the published update must be a broadly disseminated news release containing and explaining the new guidance.

### **Reviewing Draft Analyst Research Reports and Models**

The control of the process for reviewing draft analyst research reports and models is coordinated by the vice president of investor relations. Reviewing and commenting on analyst reports or models poses a significant risk and should be avoided, especially near the middle or end of a quarter. If, after consultation with the general counsel, the Company does review drafts of analysts' research reports and models, the review must only be for factual content and for assumptions that clearly conflict with the Company's publicly disclosed guidance. Commentary on methodologies and conclusions should be avoided. The review process shall be conducted orally with the analyst, and the draft report or model shall not be retained if provided to the Company.

During the review process, the vice president of investor relations, or authorized designee, must expressly state to the analyst that Flowserve does not comment



on any forward-looking information in the report or model or otherwise endorse the analyst's forecasts or financial models.

### **Analyst Conferences and Breakout Sessions**

If an authorized spokesperson is scheduled to make a presentation at an analyst conference and is reasonably certain that a question will arise that, if answered, will result in disclosure of material non-public information (e.g., are you on track to achieve your previously announced earnings guidance?), the spokesperson should follow the procedures under "Addressing Disclosures of Material Non-public Information" below. Special care should be taken to avoid any discussion of material, nonpublic information during breakout session after presentations unless the information is disclosed prior to or simultaneously with the disclosure in the breakout session.

### **Addressing Disclosures of Material Non-public Information**

#### **Inadvertent Disclosures**

Regulation FD requires that if material non-public information is inadvertently disclosed in conversations, conferences and meetings with the investment community or media, a corresponding submission to the SEC and/or a broadly disseminated news release must be made as promptly as possible, but in no event after the later of 24 hours following the disclosure or the commencement of the next day's trading on the NYSE after a senior official learns of the disclosure.

To avoid the necessity of such a disclosure obligation, it is best to avoid the inadvertent disclosure in the first place. However, if an authorized spokesperson is concerned after answering a question that a disclosure of material non-public information occurred, the person should (i) if possible, obtain the written (or at least oral) agreement to keep the information confidential until the Company can determine it's materiality and, if so, issue a press release and (ii) immediately contact a member of the Disclosure Policy Committee.

#### **Intentional Disclosures**

If an authorized spokesperson believes the intentional disclosure of material non-public information to a covered person is necessary, the person should (i) consult with a member of the Disclosure Policy Committee regarding whether the disclosure is appropriate and (ii) if a disclosure will be made, confirm with the general counsel that a press release can be prepared and disseminated to the public prior to or simultaneously with such disclosure.

#### **Quiet Periods**

Absent an extraordinary event requiring prompt public disclosure, the Company will observe a "quiet period" *beginning two weeks prior to the end of the quarter and extending through the ensuing earnings announcement*. During this quiet period, the Company will not comment on business conditions or results relating to the fiscal period to be covered by the earnings announcement, except through a widely disseminated press release.

**KEYWORDS** Disclosure, global communications, company spokesperson, news releases, safe harbor, investor relations, investment community, material information, quiet period, media, Regulation FD

