

CBOE Research Circular #RS13-327

Date: June 10, 2013

To: Permit Holders From: Scott Speer

RE: Flowserve Corporation ("FLS")
3-for-1 Common Stock Split

Ex-Distribution Date: June 24, 2013

Flowserve Corporation ("FLS") has announced a 3-for-1 common stock split, with a payable date of June 21, 2013, to shareholders of record June 7, 2013. The ex-date for the common stock split is Monday, June 24, 2013.

Contract Adjustment

Pursuant to OCC rules (Article VI, Section 11 and 11A), all outstanding FLS option series will be adjusted to reflect this 3-for-1 common stock split on Monday, June 24, 2013, at 8:30 A.M. Chicago time. The OCC will issue two additional contracts for each open contract on the ex-date. Also on the ex-date, each FLS series will have an adjusted exercise price equal to one-third of the exercise price rounded to the nearest 1/100th of a point for each FLS series existing on the business day immediately prior to the ex-date. The option symbol will remain the same. Adjusted exercise prices are shown below. [Any FLEX series that may exist will be adjusted in a similar manner to the standardized option.]

The option adjustment will appear in the Daily Position Report of the clearing member firms on the exdate. After 8:30 A.M. Monday, June 24, 2013, all trades, corrections, and exercises must be submitted to the CBOE and OCC on an adjusted basis.

Adjusted Exercise Prices

On Monday, June 24, 2013, the ex-distribution date, trading in FLS series will be on an adjusted basis. At 8:30 A.M., Chicago time, an opening rotation will be effected with the following adjustments:

EXISTING SERIES 100 Shares					ADJUSTED SERIES* 100 Shares			
FLS	70.00	2013-07-20	C/P	=>	FLS	23.33	2013-07-20	C/P
FLS	75.00	2013-07-20	C/P	=>	FLS	25.00	2013-07-20	C/P
FLS	80.00	2013-07-20	C/P	=>	FLS	26.67	2013-07-20	C/P
FLS	85.00	2013-07-20	C/P	=>	FLS	28.33	2013-07-20	C/P
FLS	90.00	2013-07-20	C/P	=>	FLS	30.00	2013-07-20	C/P
FLS	95.00	2013-07-20	C/P	=>	FLS	31.67	2013-07-20	C/P
FLS	100.00	2013-07-20	C/P	=>	FLS	33.33	2013-07-20	C/P
FLS	105.00	2013-07-20	C/P	=>	FLS	35.00	2013-07-20	C/P
FLS	110.00	2013-07-20	C/P	=>	FLS	36.67	2013-07-20	C/P
FLS	115.00	2013-07-20	C/P	=>	FLS	38.33	2013-07-20	C/P
FLS	120.00	2013-07-20	C/P	=>	FLS	40.00	2013-07-20	C/P
FLS	125.00	2013-07-20	C/P	=>	FLS	41.67	2013-07-20	C/P
FLS	130.00	2013-07-20	C/P	=>	FLS	43.33	2013-07-20	C/P
FLS	135.00	2013-07-20	C/P	=>	FLS	45.00	2013-07-20	C/P



	EXISTI 100			TED SERIES* 0 Shares				
FLS	140.00	2013-07-20	C/P	=>	FLS	46.67	2013-07-20	C/P
FLS	145.00	2013-07-20	C/P	=>	FLS	48.33	2013-07-20	C/P
FLS	150.00	2013-07-20	C/P	=>	FLS	50.00	2013-07-20	C/P
FLS	155.00	2013-07-20	C/P	=>	FLS	51.67	2013-07-20	C/P
FLS	160.00	2013-07-20	C/P	=>	FLS	53.33	2013-07-20	C/P
FLS	165.00	2013-07-20	C/P	=>	FLS	55.00	2013-07-20	C/P
FLS	170.00	2013-07-20	C/P	=>	FLS	56.67	2013-07-20	C/P
FLS	175.00	2013-07-20	C/P	=>	FLS	58.33	2013-07-20	C/P
FLS	180.00	2013-07-20	C/P	=>	FLS	60.00	2013-07-20	C/P
FLS	185.00	2013-07-20	C/P	=>	FLS	61.67	2013-07-20	C/P
FLS	190.00	2013-07-20	C/P	=>	FLS	63.33	2013-07-20	C/P
FLS	195.00	2013-07-20	C/P	=>	FLS	65.00	2013-07-20	C/P
FLS	200.00	2013-07-20	C/P	=>	FLS	66.67	2013-07-20	C/P
FLS	210.00	2013-07-20	C/P	=>	FLS	70.00	2013-07-20	C/P
FLS	80.00	2013-10-19	C/P	=>	FLS	26.67	2013-10-19	C/P
FLS	85.00	2013-10-19	C/P	=>	FLS	28.33	2013-10-19	C/P
FLS	90.00	2013-10-19	C/P	=>	FLS	30.00	2013-10-19	C/P
FLS	95.00	2013-10-19	C/P	=>	FLS	31.67	2013-10-19	C/P
FLS	100.00	2013-10-19	C/P	=>	FLS	33.33	2013-10-19	C/P
FLS	105.00	2013-10-19	C/P	=>	FLS	35.00	2013-10-19	C/P
FLS	110.00	2013-10-19	C/P	=>	FLS	36.67	2013-10-19	C/P
FLS	115.00	2013-10-19	C/P	=>	FLS	38.33	2013-10-19	C/P
FLS	120.00	2013-10-19	C/P	=>	FLS	40.00	2013-10-19	C/P
FLS	125.00	2013-10-19	C/P	=>	FLS	41.67	2013-10-19	C/P
FLS	130.00	2013-10-19	C/P	=>	FLS	43.33	2013-10-19	C/P
FLS	135.00	2013-10-19	C/P	=>	FLS	45.00	2013-10-19	C/P
FLS	140.00	2013-10-19	C/P	=>	FLS	46.67	2013-10-19	C/P
FLS	145.00	2013-10-19	C/P	=>	FLS	48.33	2013-10-19	C/P
FLS	150.00	2013-10-19	C/P	=>	FLS	50.00	2013-10-19	C/P
FLS	155.00	2013-10-19	C/P	=>	FLS	51.67	2013-10-19	C/P
FLS	160.00	2013-10-19	C/P	=>	FLS	53.33	2013-10-19	C/P
FLS	165.00	2013-10-19	C/P	=>	FLS	55.00	2013-10-19	C/P
FLS	170.00	2013-10-19	C/P	=>	FLS	56.67	2013-10-19	C/P
FLS	175.00	2013-10-19	C/P	=>	FLS	58.33	2013-10-19	C/P
FLS	180.00	2013-10-19	C/P	=>	FLS	60.00	2013-10-19	C/P
FLS	185.00	2013-10-19	C/P	=>	FLS	61.67	2013-10-19	C/P
FLS	190.00	2013-10-19	C/P	=>	FLS	63.33	2013-10-19	C/P
FLS	195.00	2013-10-19	C/P	=>	FLS	65.00	2013-10-19	C/P
FLS	200.00	2013-10-19	C/P	=>	FLS	66.67	2013-10-19	C/P
FLS	210.00	2013-10-19	C/P	=>	FLS	70.00	2013-10-19	C/P
FLS	220.00	2013-10-19	C/P	=>	FLS	73.33	2013-10-19	C/P
FLS	90.00	2014-01-18	C/P	=>	FLS	30.00	2014-01-18	C/P
FLS	95.00	2014-01-18	C/P	=>	FLS	31.67	2014-01-18	C/P
FLS	100.00	2014-01-18	C/P	=>	FLS	33.33	2014-01-18	C/P



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EXISTING SERIES 100 Shares					ADJUSTED SERIES* 100 Shares				
FLS	105.00	2014-01-18	C/P	=>	FLS	35.00	2014-01-18	C/P	
FLS	110.00	2014-01-18	C/P	=>	FLS	36.67	2014-01-18	C/P	
FLS	115.00	2014-01-18	C/P	=>	FLS	38.33	2014-01-18	C/P	
FLS	120.00	2014-01-18	C/P	=>	FLS	40.00	2014-01-18	C/P	
FLS	125.00	2014-01-18	C/P	=>	FLS	41.67	2014-01-18	C/P	
FLS	130.00	2014-01-18	C/P	=>	FLS	43.33	2014-01-18	C/P	
FLS	135.00	2014-01-18	C/P	=>	FLS	45.00	2014-01-18	C/P	
FLS	140.00	2014-01-18	C/P	=>	FLS	46.67	2014-01-18	C/P	
FLS	145.00	2014-01-18	C/P	=>	FLS	48.33	2014-01-18	C/P	
FLS	150.00	2014-01-18	C/P	=>	FLS	50.00	2014-01-18	C/P	
FLS	155.00	2014-01-18	C/P	=>	FLS	51.67	2014-01-18	C/P	
FLS	160.00	2014-01-18	C/P	=>	FLS	53.33	2014-01-18	C/P	
FLS	165.00	2014-01-18	C/P	=>	FLS	55.00	2014-01-18	C/P	
FLS	170.00	2014-01-18	C/P	=>	FLS	56.67	2014-01-18	C/P	
FLS	175.00	2014-01-18	C/P	=>	FLS	58.33	2014-01-18	C/P	
FLS	180.00	2014-01-18	C/P	=>	FLS	60.00	2014-01-18	C/P	
FLS	185.00	2014-01-18	C/P	=>	FLS	61.67	2014-01-18	C/P	
FLS	190.00	2014-01-18	C/P	=>	FLS	63.33	2014-01-18	C/P	
FLS	195.00	2014-01-18	C/P	=>	FLS	65.00	2014-01-18	C/P	
FLS	200.00	2014-01-18	C/P	=>	FLS	66.67	2014-01-18	C/P	
FLS	210.00	2014-01-18	C/P	=>	FLS	70.00	2014-01-18	C/P	
FLS	220.00	2014-01-18	C/P	=>	FLS	73.33	2014-01-18	C/P	

Any additional FLS series that are added prior to the ex-date (e.g., the August series) will also be adjusted in the manner described above.

GTC Order Conversion

On Friday, June 21, 2013, immediately after the CBOE close, the system will convert or cancel all resting orders in the FLS order book. If your firm has requested, all booked orders (phone, wire, and electronic) and all ORS orders residing outside the book (booth or crowd routed) will be converted reflecting the adjustments. If your firm has requested, all booked orders and ORS orders residing outside of the book will be canceled. If your firm receives CXL drops, the CXL confirms will print at your booth at 3:15 p.m. ORS CXLs will also be transmitted electronically to your branches.

A report will be available at the Help Desk listing the orders that are converted or canceled. If converted, this list will also show how the new orders will be adjusted. This report will be available on request anytime during the day prior to the night of the adjustment.

IMPORTANT – Order Entry After Adjustment

Please note that at the time of the adjustment, the strike prices of all FLS options will be reduced by one-third, and OCC will issue two additional contracts for each open contract on the ex-date. At 8:30 A.M., Chicago time, on Monday, June 24, 2013, all outstanding FLS 70 options will become FLS 23.33 options, and FLS 210 options will become FLS 70 options. Any FLS 70 positions opened prior to the ex-date that are closed out on or after the ex-date must be closed out as FLS 23.33 options. Negligence in this matter could lead customers to establish new positions in the FLS 70 options rather than closing out then-existing positions in the FLS 23.33 options.



Position and Exercise Limits

The CBOE Department of Market Regulation has determined that: "The position and exercise limits following this stock split will be any combination of FLS option contracts on the same side of the market not to exceed 225,000, contracts (22,500,000 shares) through January 18, 2014. Following the January 2014 expiration the position and exercise limits will decrease to the standard limit of 75,000 contracts (7,500,000 shares) of FLS."

Questions regarding this memo can be addressed to Options Industry Services at 1-888-OPTIONS (1-888-678-4667). CBOE contract adjustment memos can also be accessed from CBOE.com at the folFLSwing web address:

http://www.cboe.com/ContractAdjustments