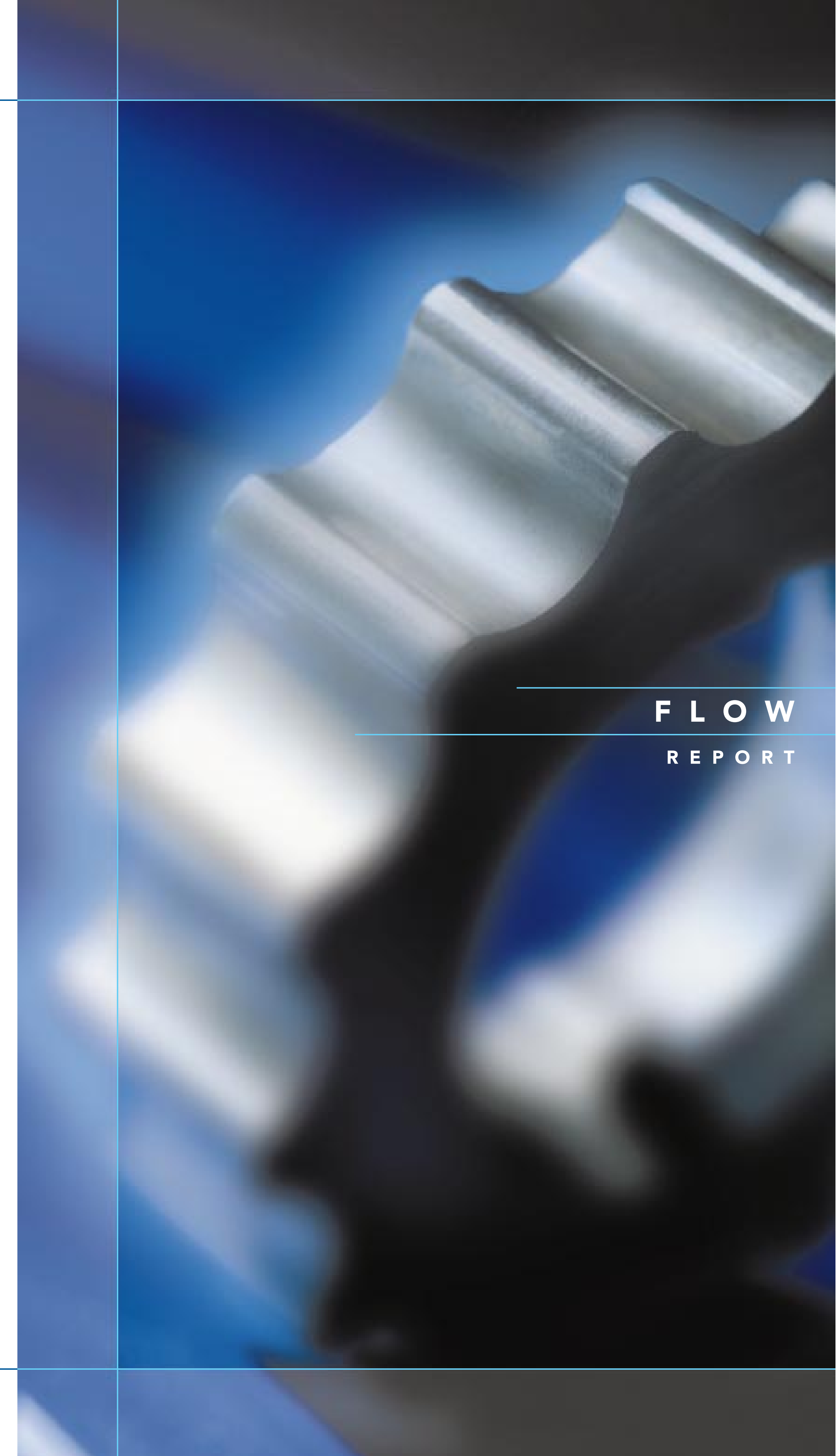
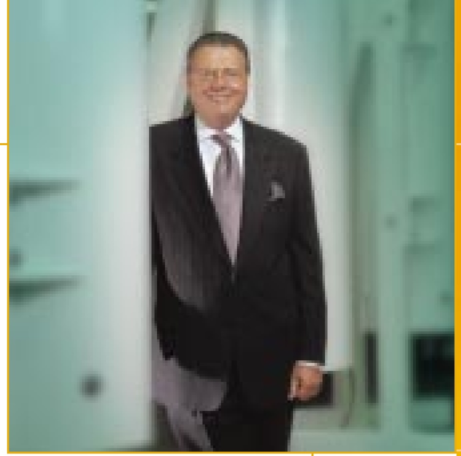
FLOW INTERNATIONAL CORPORATION

23500 - 64th Avenue South
Kent, Washington 98032 USA
253.850.3500
www.flowcorp.com



FLOW REPORT



SELECTED FINANCIAL DATA

(In thousands except per share amounts)	YEAR ENDED APRIL 30				
	2001	2000	1999	1998*	1997*
INCOME STATEMENT DATA:					
REVENUE	$207,193	$195,556	$149,297	$159,482	$168,193
INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN PRINCIPLE	5,037	6,477	6,722	4,803	725
NET INCOME	2,385	6,477	6,722	4,803	725
BASIC EARNINGS PER SHARE BEFORE CHANGE IN ACCOUNTING PRINCIPLE	0.34	0.44	0.46	0.33	0.05
BASIC EARNINGS PER SHARE	0.16	0.44	0.46	0.33	0.05
DILUTED EARNINGS PER SHARE BEFORE CHANGE IN ACCOUNTING PRINCIPLE	0.33	0.43	0.45	0.32	0.05
DILUTED EARNINGS PER SHARE	0.16	0.43	0.45	0.32	0.05
BALANCE SHEET DATA:					
WORKING CAPITAL	$91,098	$87,552	$79,993	$59,863	$68,126
TOTAL ASSETS	208,869	197,041	179,152	121,181	133,466
SHORT - TERM DEBT	8,464	9,216	4,604	6,905	1,730
LONG - TERM OBLIGATIONS	85,652	70,397	64,614	32,076	53,569
SHAREHOLDERS' EQUITY	67,663	66,669	64,022	61,195	56,753

* These years included the results of operations and related restructuring provisions associated with certain business units disposed of during fiscal 1998

LETTER TO THE SHAREHOLDERS

RON TARRANT
CHAIRMAN, PRESIDENT
AND CEO

FLOW ANNUAL REPORT 2001

A FRESH PERSPECTIVE

How often have you picked up a book or article that you read long ago, and to your surprise, it offered new insights? The experience you gained since that initial exposure put those same fundamentals in a different light. Because of what you've learned you see things from a fresh perspective.

I see FLOW that way. A closer look gives you a new perspective. FLOW is not just a run-of-the-mill machine tool company. Our strategy—to develop ultrahigh-pressure technology and position it to provide wide ranging, commercially viable applications—is unique. Ultrahigh-pressure is accepted in the markets we have targeted because we have capitalized on our strengths—technology leadership and people. You'll get a fresh perspective on Flow International as we outline our strategy for profitable growth. First, let's take a look at our fiscal 2001 financial results.

RECORD REVENUES IN A TOUGH MARKET

Worldwide revenue increased 6%, to $207 million, in FY 01, with food revenues growing from $7.2 million in FY 00 to $14.7 million in FY 01. Our U.S. waterjet sales increased 28% compared to a 2% decline in the machine cutting tool market. Clearly we are taking market share from other cutting technologies. The versatility, superior cut, and technological advances of our waterjet systems make them the preferred alternative to lasers, plasma, and other methods.

For the year we reported a net profit of $0.78 per share for non-food operations and a $0.62 per share loss from the food business. Consolidated net income was $2.4 million, or $0.16 per share.

ISOSTATIC PRESS BUSINESS REMAINS STRONG

In FY 01 our isostatic press business returned to more typical levels after an exceptional FY 00. While that business is "lumpy"—characterized by irregularly timed orders of significant size—the long term health of the business remains strong. At the end of FY 01 we received major press orders from Spanish aircraft manufacturer EADS CASA and U.K.-based Bodycote International Plc. These and other contracts have produced a backlog of $26 million for the press business, which we expect to ship within 18 months.

A GLOBAL COMPANY

Other international results were mixed. In Asia, revenues increased 13%, but in the rest of the world, primarily Europe, Canada, Mexico, and South America, revenues decreased 19%. We will continue to maintain a strong international presence. Nearly half of our revenues come from outside the U.S. and that tends to cushion us against regional market softness. This past year we opened offices in Spain and Italy to more effectively meet the expectations of customers in those important markets. No other cutting company is as geographically diverse, or generates the volume of international business, as FLOW.

OUR TECHNOLOGY GIVES CUSTOMERS A BETTER EDGE

Technology leadership has always been what sets us apart. No other machine tool company invests what we do—more than 8% of revenues—on research and development. And that's why no other company in the world can approach the number of significant ultrahigh-pressure breakthroughs we have brought to the marketplace. The most recent innovation, slated for introduction in Fall 2001, is nothing short of revolutionary.

Code named "Everest", this advancement has been in development for more than two years. Working in top secrecy, our scientists and engineers faced, and conquered, immense mechanical and software challenges, which will allow FLOW waterjets to perform at levels previously thought impossible, and provide versatility that other cutting technologies won't be able to touch. More job shops, metal service centers, aerospace manufacturers, and automotive customers will find that FLOW waterjets offer a fresh perspective on expanding the capabilities of their businesses. You'll hear more—a great deal more—at our Annual Shareholders Meeting and from the promotions that will follow.

INCREASING PRESSURES AND PRODUCTIVITY

As we increase the pressures for *Fresher Under Pressure*® food applications, we leverage what we are learning to expand applications and productivity in our core markets. Now operating at the highest pressures in the world, FLOW waterjets can cut thin metals without abrasive. That

"TECHNOLOGY LEADERSHIP HAS ALWAYS BEEN what sets us apart. No other machine tool company invests what we do—more than 8% of revenues—on research and development."

makes waterjet cutting an even more cost effective technology because it eliminates the need for garnet, the single most expensive consumable in a waterjet system.

For customers who do need garnet to cut thicker materials, our Garnet Recovery Systems are yet another example of turning technological muscle into profitability improvements. The Garnet Recovery System will reclaim and reuse up to 70 percent of the garnet in an abrasivejet system, reducing the cost of operating that system by up to 25 percent, or more. Helping our customers grow their businesses and enhance their profitability makes us a valuable partner with them, and we're proud of that.

NOTHING TASTES BETTER THAN FRESH

Food producers are tired of food safety approaches that scare off their customers. Consumers want to know why keeping their food safe has to mean tradeoffs in nutrition, taste, and texture. And everyone wonders why they have to guess whether the safety technology their food is subjected to is more dangerous than the organisms it's trying to kill. *Fresher Under Pressure* is proving to be the answer these food processors and consumers have been looking for.

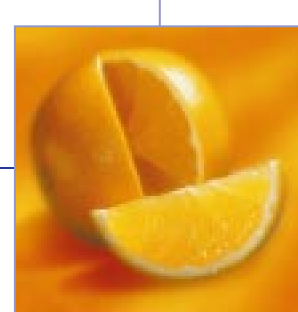
Fresher Under Pressure, which uses ultrahigh-pressure to destroy food-borne bacteria and organisms that cause illness and food spoilage, is rapidly gaining market acceptance. Since last year's Annual Report, major food producers have embraced our technology. Industry giants such as Kraft Foods, ConAgra, Proctor and Gamble, Hormel Foods Corporation, Perdue Farms, Inc., Odwalla, Goose Point Oysters, Joey Oysters, Frubaca, OYSA Limited, Hannah International Foods, and Food Science Australia have said that food truly is *Fresher Under Pressure.*

FOOD REVENUES DOUBLE, AGAIN

Fresher Under Pressure continues to exceed revenue projections. Food revenues doubled from FY 00 to FY 01, and we anticipate they will more than double in each of the next three years.

Investing the research and development dollars to bring a new technology such as *Fresher Under Pressure* to market has had a negative impact on our bottom line. But we have turned the corner—we expect our food business to become profitable by the fourth quarter of FY 02.

Fresher Under Pressure has caused us to take a look at your company with a fresh perspective, too. What we see is an ultrahigh-pressure machine technology company that has developed a food safety application with tremendous growth potential. Delivering on that potential has required a significant investment—an investment that has offset the profitability of our core business. But we are determined to maximize shareholder benefit from those R & D dollars. Over the next few months the management team of *Fresher Under Pressure, Inc.* will be strengthened and we will consider many options for this business as we concentrate on profitability.



"CONSUMERS

WANT TO KNOW

why keeping their fresh food safe has to mean tradeoffs in nutrition, taste and texture. And everyone wonders why they have to guess whether the safety technology their food is subjected to is more dangerous than the organisms it's trying to kill."

THE BOTTOM LINE IS OUR BOTTOM LINE

We are committed to improving profitability. Our global executive team has developed a bottom line growth plan that targets products, facilities, organization, cost reduction initiatives, and new revenue sources.

NEW PRODUCTS

New products raise the bar for our competition and push profits to our bottom line. Streamlining our product line to eliminate redundancies, reducing overall part counts, lowering manufacturing costs, and focusing on aftermarket parts support are initiatives that are well underway.

When we introduced the WMC two years ago it was our first major step at global sourcing, international product standardization, and 24-hour worldwide concurrent engineering. Those disciplines will be applied to new and existing product lines across the company.

FACILITIES THAT MAKE SENSE

Rationalizing facility utilization—managing production capacity to handle our growing business—will have a direct impact on our bottom line. We have already started consolidation of the Midwest Operations. With the purchase of Spearhead (now Flow Robotic Systems) in FY 00 we inherited an additional facility in the Detroit area. We have combined that operation with our eastern Sales and Training unit, which was also located in a Detroit suburb, and moved them both into a newly leased building in Wixom, Michigan. We closed a demonstration facility in Boston, and have begun to consolidate our two German units, combining both operations into one facility in Bretten.

ORGANIZING OUR TALENT

Our engineering team has been reorganized along product lines to capitalize on our global expertise and accelerate our product standardization efforts. Since the beginning of FY 02 we have reduced our workforce by 10%, partly through attrition. Eliminating jobs is always a tough decision, but everyone at FLOW has tightened their belts and taken a fresh perspective on priorities and profitability.

BETTER WAYS TO DO THINGS

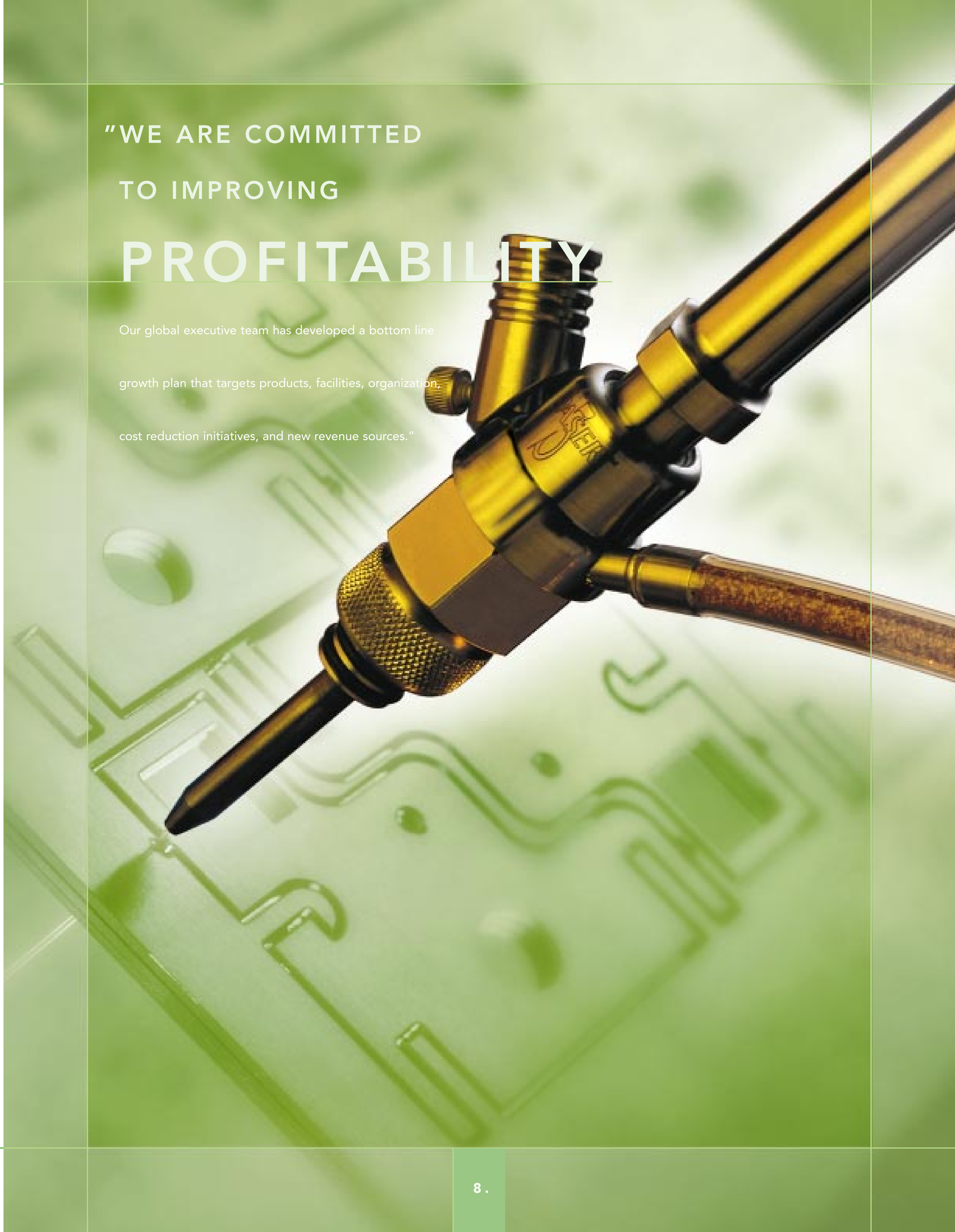
We are already seeing a payoff from cost reduction programs such the FLOW Advanced Strategy, Teams, and Tools (F.A.S.T.T.) project in Kent. By radically altering the way we design, manufacture, and install certain products, we are generating bottom line savings. F.A.S.T.T. was developed by an in-house team, borrowing from internationally recognized programs that have been successful at other companies such as General Electric, Toyota, and Hewlett-Packard. Enthusiasm for these changes has snowballed and even the most difficult-to-convince old hands have become converts.

NEW REVENUE IS WHERE YOU LOOK FOR IT

Finding new, profitable sources of revenue is the final piece in our profitability plan. One of the best ways to do that is to introduce creative and innovative products, such as the Garnet Recovery System mentioned earlier. This is an add-on to new and existing systems, whether the systems were manufactured by FLOW or a competitor. When you consider there are more than 2,000 installed abrasive waterjet units worldwide, we have a ready-made market.

Take a new look at Flow International. I believe you'll like what you see. We have positioned your company for profitability in a tight economy. Our technology leadership is renowned and unquestioned. Our products are respected for their innovation and reliability. Our food business is now accepted industry-wide and is rapidly moving toward profitability. We have a team that is dedicated to improving your company.

Thank you for your support.



"WE ARE COMMITTED TO IMPROVING PROFITABILITY

Our global executive team has developed a bottom line growth plan that targets products, facilities, organization, cost reduction initiatives, and new revenue sources."

BOARD OF DIRECTORS

RONALD D. BARBARO
President (Retired)
The Prudential Insurance Company of America Worldwide Operation

DANIEL J. EVANS
Former Governor and U.S. Senator
Washington State

KATHRYN L. MUNRO
Chairman and Chief Executive Officer
Bridge West

ARLEN I. PRENTICE
Co-Chairperson and Chief Executive Officer
Kibble & Prentice, Inc.

J. MICHAEL RIBAUDO, M.D.
Chairman and Chief Executive Officer
Surgical Synergies, Inc.

KENNETH M. ROBERTS
President and Chief Executive Officer
Ken Roberts Investment Management, Inc.

SANDRA F. ROREM
Chief Executive
Distinctive Solutions LLC

RONALD W. TARRANT
Chairman, President and Chief Executive Officer
Flow International Corporation

DEAN D. THORNTON
President (Retired)
Boeing Commercial Airplane Group