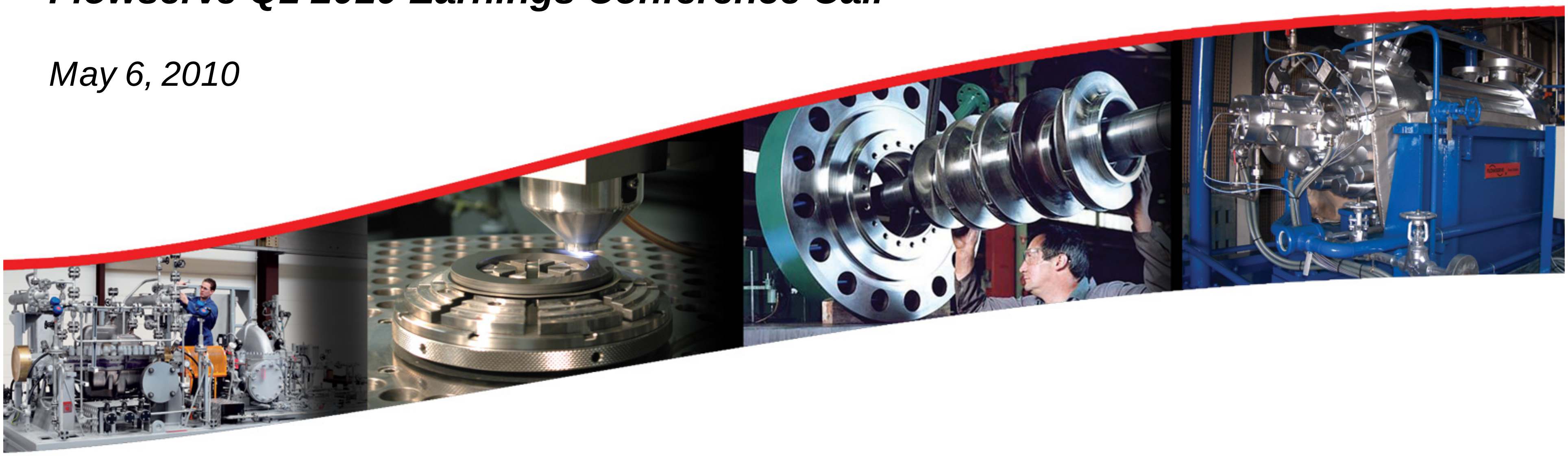
Flowserve Q1 2010 Earnings Conference Call

May 6, 2010



Experience In Motion

Special Note

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," "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; our dependence on our customers' ability to make required capital investment and maintenance expenditures; 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; 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; our ability to execute and realize the expected financial benefits from our strategic realignment initiatives; 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 rates, particularly in hyperinflationary countries such as Venezuela; our furnishing of products and services to nuclear power plant facilities; potential adverse consequences resulting from litigation to which we are a party, such as shareholder litigation and litigation involving asbestos-containing material claims; a foreign government investigation regarding our participation in the United Nations Oil-for-Food Program; our foreign subsidiaries autonomously conducting limited business operations and sales in certain countries identified by the U.S. State Department as state sponsors of terrorism; 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.

Q1 2010 Performance

- Reported EPS* of $1.42, including $0.32 of currency related charges, and $0.01 of realignment charges
  - ✓ Currency charges included
    - ✓ $0.16 per share* related to the Venezuelan currency devaluation to date
    - ✓ $0.16 per share* of other foreign currency expenses in Other Income / (Expense), related to valuations in other currencies versus the US dollar
- Bookings of $1.07 billion
  - ✓ 6th consecutive quarter of bookings around $1 billion
- Margin performance
  - ✓ Margins remained stable despite pricing headwind and volume declines
  - ✓ Benefits of early realignment, cost controls, and steady aftermarket
- Substantially completed FSG integration of former pump and seal divisions
  - ✓ Aligning the business for future growth

**Calculated using Q1 2010 fully diluted shares of 56.5 million*

Business Outlook

- Market conditions
  - ✓ Emerging and developing markets remain influencers of investment spending
  - ✓ Price of oil supported increased capital investments and the activation of projects postponed from previous periods
  - ✓ Global GDP forecasts show stabilization in many markets with indications of initial recovery in some
- Flowserve's position
  - ✓ Our investment in expansion outside of mature markets positions us well for near term and future opportunities
  - ✓ Our capabilities in advanced technology and applications expertise provide market leadership in key industries
  - ✓ Our service platform provides critical growth opportunities globally

Reaffirming 2010 full year EPS target range of $6.35 to $7.15 including up to $20 million (approximately $0.26 per share) in realignment charges and an estimated after-tax charge of around $14 million (approximately $0.25 per share) related to the Venezuelan Currency Devaluation

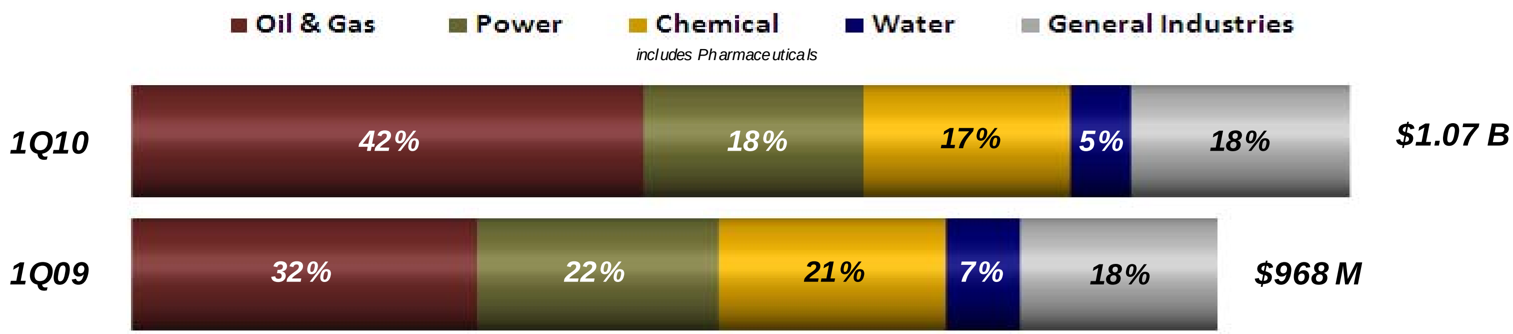
Takeaways – Areas of Focus

Key Strategy	Focus
Disciplined profitable growth	- Targeted investment strategy - Effective cost management
Customer intimacy	- Use the voice of the customer in long-term strategic planning to build a solutions driven delivery model - Strengthen relationships with existing customers while targeting new key customers
Strategic localization	- Invest in capacity and capabilities in growing global markets
Operational excellence	- Utilize Supply chain initiatives - Ongoing CIP approach and lean management - Enhance manufacturing efficiencies across platform

We are deploying sound, consistent business practices as well as our resources globally to enhance and sustain our business model for the long term

Market Outlook

2010 YTD Bookings & Industry Outlook



OIL & GAS

- ✓ *Major projects which were postponed in previous periods are showing signs of becoming active again*
- ✓ *Project investment plans in liquefied natural gas show almost a doubling of capacity from 2009 to 2015*

POWER

- ✓ *Current generating capacity expansion plans through 2015 are still heavily influenced by fossil fuel investments [> 700 GW]*
- ✓ *Nuclear power continues to receive a high level of attention particularly in China and India*

CHEMICAL

- ✓ *New bulk chemical capacity planned over the next 5 years exceeds 200 MMT with approximately 90% in developing regions*
- ✓ *The mature markets are starting to show signs of stabilization*

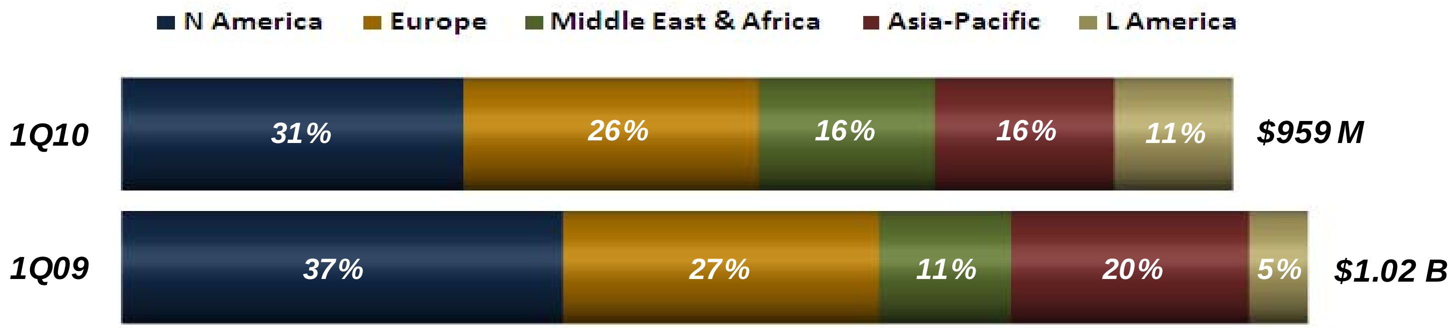
WATER

- ✓ *Investment plans for desalination over the next 5 years show capacity additions of approximately 10.5 million m^3/d*
- ✓ *Almost 90% of these planned additions are facilities which produce 50,000 m^3/d or more*

Flowserve's key industries continue to show growth opportunities that fit well with our technical knowledge & capabilities, as well as our portfolio of products & services

Sources: *GlobalData, IEA, Platts, World Nuclear Association, ICIS.com, DesalData (GWI), Industrial Info Resources, Flowserve Internal Data*

2010 YTD Sales & Regional Outlook



MATURE REGIONS

- ✓ *The economies of the mature regions are showing signs of stabilization with moderate recovery in selected areas*
- ✓ *GDP forecasts for the second half of 2010 and the next couple of years are currently favorable*
- ✓ *New capacity expansion remains challenged in these regions particularly in oil refining and bulk chemical production*
- ✓ *Capital investments are forecasted in areas such as power generation, tar sands, water and natural gas*

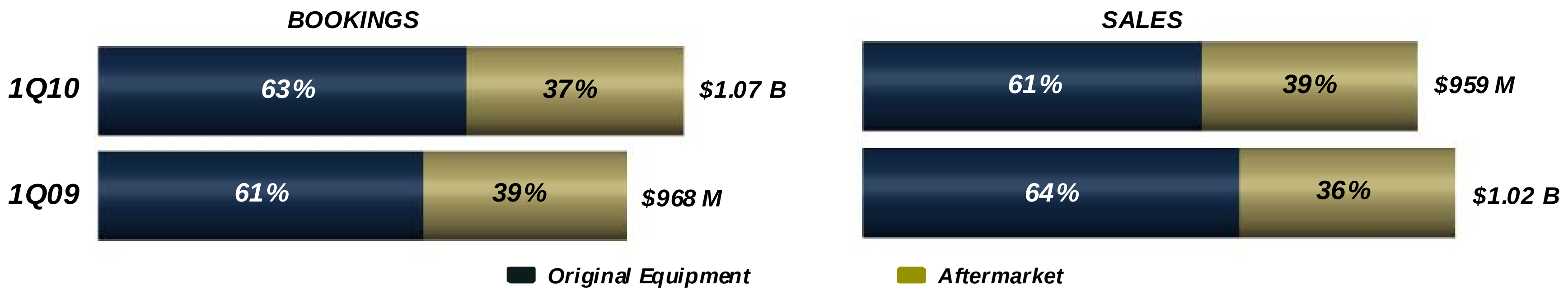
DEVELOPING REGIONS

- ✓ *The leading areas remain the Middle East, China, India and Brazil*
- ✓ *These regions account for …the majority of refining and petrochemical expansion investments*
  …almost two-thirds of forecasted power generation additions
  …the majority of the projected additions in desalination
- ✓ *Capital investment plans in these regions are forecasted to remain strong over the next 5 years*

We believe that our operational investments and our expanding customer relationships will provide opportunities in the developing regions as their economies grow

Sources: *Economist Intelligence Unit, IMF World Economic Outlook, GlobalData, Platts, ICIS.com, DesalData (GWI), Flowserve Internal Data*

2010 YTD Aftermarket Business Review



- *From 2006 to 2009, aftermarket bookings grew 7% compounded annually (CAGR) and sales grew at a 10% CAGR*
- *Stable aftermarket sales in Q1 2010 improved the percentage of aftermarket to total sales, which typically is good for overall business performance*
- *Even with some continuing challenges in the market, aftermarket bookings grew 6.4% in the 1st quarter of 2010 compared to 2009 including a benefit from currency*
- *Looking forward:*
  - ✓ *With current market conditions, we remain cautious relative to the growth potential of aftermarket spend in the mature markets*
  - ✓ *We believe our service infrastructure is well positioned to grow market share and enhance our opportunities in developing regions*
  - ✓ *We remain excited about the opportunities related with the offerings from our new Integrated Solutions Group*

As part of our strategic localization objectives, we will continue to analyze our global service network and invest in expansion where appropriate

Sources: *Flowserve Internal Data*

Division Updates

Engineered Product Division
Q1 2010 Segment Results

($ millions)	1st Quarter 2009	2010	Delta ($)	Delta (%)	Constant FX (%)**
Bookings	$ 479.9	$ 592.4	$ 112.5	23.4%	18.2%
Sales	$ 539.2	$ 531.8	$ (7.4)	(1.4%)	(6.0%)
Gross Profit	$ 201.4	$ 196.7	$ (4.7)	(2.3%)	
Gross Margin (%)	37.4%	37.0%		(40 bps)	
SG&A	$ 103.5	$ 97.8	$ (5.7)	(5.5%)	(9.4%)
SG&A (%)	19.2%	18.4%		80 bps	
Income from Affiliates	$ 1.9	$ 3.5	$ 1.6	84.2%	
Operating Income	$ 99.8	$ 102.4	$ 2.6	2.6%	(3.4%)
Operating Margin (%)	18.5%	19.2%		70 bps	
Adjusted Operating Income*	$ 107.7	$ 102.6	$ (5.1)	(4.7%)	(10.3%)
Adjusted Operating Margin (%)*	20.0%	19.3%		(70 bps)	

Focus on oil & gas and strategic initiatives driving bookings growth

** Adjusted operating income excludes realignment charges of $7.9 million and $0.2 million for Q1 2009 and Q1 2010, respectively*

*** Constant FX represents the year over year variance assuming 2010 results at 2009 FX rates*

Industrial Product Division
Q1 2010 Segment Results

($ millions)	1st Quarter 2009	2010	Delta ($)	Delta (%)	Constant FX (%)**
Bookings	$ 215.3	$ 194.4	$ (20.9)	(9.7%)	(14.4%)
Sales	$ 214.3	$ 196.1	$ (18.2)	(8.5%)	(13.6%)
Gross Profit	$ 59.0	$ 55.0	$ (4.0)	(6.8%)	
Gross Margin (%)	27.5%	28.0%		50 bps	
SG&A	$ 35.9	$ 34.1	$ (1.8)	(5.0%)	(10.6%)
SG&A (%)	16.8%	17.4%		(60 bps)	
Income from Affiliates	$ -	$ -	$ -	0.0%	
Operating Income	$ 23.0	$ 21.0	$ (2.0)	(8.7%)	(13.0%)
Operating Margin (%)	10.7%	10.7%		0 bps	
Adjusted Operating Income*	$ 24.3	$ 21.3	$ (3.0)	(12.3%)	(16.5%)
Adjusted Operating Margin (%)*	11.3%	10.9%		(40 bps)	

New structure should increase market and product focus

** Adjusted operating income excludes realignment charges of $1.3 million and $0.3 million for Q1 2009 and Q1 2010, respectively*

*** Constant FX represents the year over year variance assuming 2010 results at 2009 FX rates*

Engineered Product Division

Markets	Products	Competition
Oil & Gas	Engineered Pumps	Sulzer
Power	API Pumps	Clyde Union
Desalination	Vertical Circ. Pumps	Ebara
	Seals	John Crane
	Repair & Service	Eagle Burgmann
	Parts	
	Integrated Solutions	

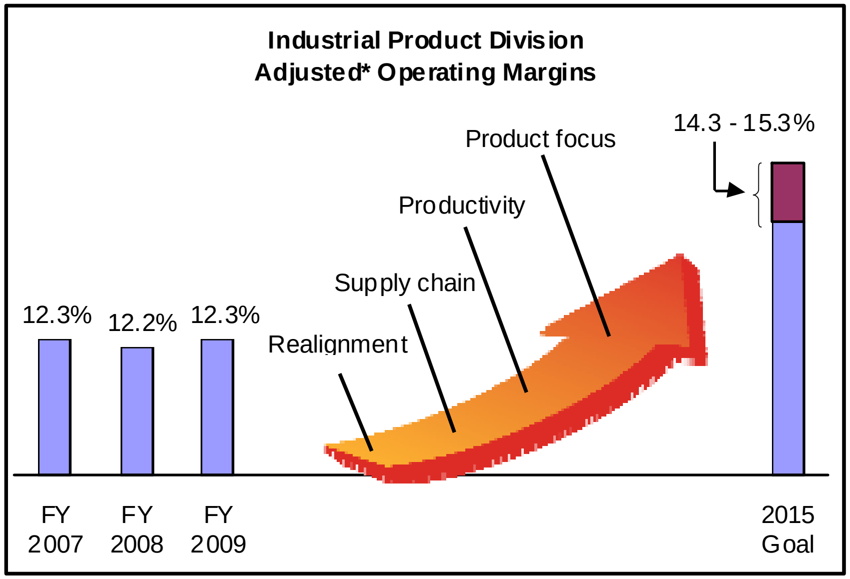
- Broad portfolio of engineered products
- Custom configurations
- Strong project management skills
- Extensive test requirements
- Advanced procurement
- Job shop capabilities

Industrial Product Division

Markets	Products	Competition
CPI Water General Industrial Oil & Gas	Industrial Pumps Water Pumps Vertical Turbine Pumps Parts	ITT KSB SIHI/Sterling

- Pre-configured products
- Optimized global operating platform, low cost sourcing and CIP initiatives
- Product rationalization
- Business development -- targeted niche markets and geographical regions
- Dedicated project pursuit structure
- Integrated supply chain and low cost sourcing

Expand Margins in Industrial Product Division



Adjusted for realignment charges

- Realignment actions taken in 2009
- Additional realignment focus on IPD in 2010
- Integrated supply chain actions unique to industrial processes
- Ongoing operational improvements and productivity
- Focus on product and market portfolio

Targeting 200-300 basis point improvement in IPD operating margins by 2015

Flow Control Division

Industries	Products	Typical Applications
o Power Generation o Oil & Gas o Chemical o General Industries	o Complex Engineered-to-Order Valves o High Performance Configured-to-Order Valves o High Reliability General Service Valves o Aftermarket Parts and Service	o Nuclear Power o Refining o Acetic Acid o Ethylene o Pulp & Paper

36" Control Valves for Crude Oil Pipeline

Flow Control Division – Q1 2010 Segment Results

($ millions)	1st Quarter 2009	2010	Delta ($)	Delta (%)	Constant FX (%)**
Bookings	$ 302.8	$ 318.9	$ 16.1	5.3%	0.7%
Sales	$ 297.2	$ 256.1	$ (41.1)	(13.8%)	(17.5%)
Gross Profit	$ 107.2	$ 95.7	$ (11.5)	(10.7%)	
Gross Margin (%)	36.1%	37.4%		130 bps	
SG&A	$ 62.4	$ 57.2	$ (5.2)	(8.3%)	(11.5%)
SG&A (%)	21.0%	22.3%		(130 bps)	
Income from Affiliates	$ 2.8	$ 1.6	$ (1.2)	(42.9%)	
Operating Income	$ 47.6	$ 40.1	$ (7.5)	(15.8%)	(20.0%)
Operating Margin (%)	16.0%	15.7%		(30 bps)	
Adjusted Operating Income*	$ 48.1	$ 40.1	$ (8.0)	(16.6%)	(20.8%)
Adjusted Operating Margin (%)*	16.2%	15.7%		(50 bps)	

Focus on power and oil & gas driving bookings and gross margin growth

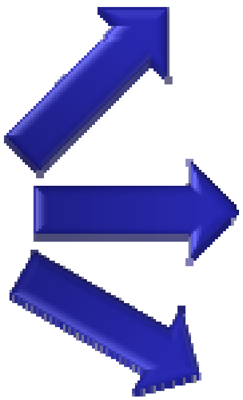
** Adjusted operating income excludes realignment charges of $0.5 million for Q1 2009*

*** Constant FX represents the year over year variance assuming 2010 results at 2009 FX rates*

Flow Control Division

Key Market Dynamics

- Refinery Expansion
- Liquefied Natural Gas (LNG)
- Oil & Gas Exploration & Production
  - Shale Gas
  - Floating Platform Storage Off Loading (FPSOs), Offshore Platforms
- Large Gas Processing
  - Natural gas scrubbing and compression
- Nuclear Power
  - Nuclear Steam System
  - Waste remediation
- Customers Maintenance, Repair, Operations (MRO)
- Distributor restocking



Keys to Growth

- Increased localization of manufacturing and service
  - Emerging economies
  - Aftermarket service and repair
  - Joint ventures
- Portfolio selling on large capital projects
- Up-front engineering work with EPCs
- Product moves into adjacent spaces
  - Desalination
  - Gas storage
  - Nuclear balance of plant
  - Nuclear waste remediation

Financial Update

Key Highlights – Q1 2010

- Reported EPS* of $1.42, down 13.4%
  - ✓ Included $0.5 million ($0.01 per share*) of net realignment charges
  - ✓ Included $8.9 million ($0.16 per share*) of foreign currency expenses in Other Income / (Expense), related to the Venezuelan currency devaluation
  - ✓ Included $12.8 million ($0.16 per share*) of other foreign currency expenses in Other Income / (Expense), related to valuations in other currencies versus the US dollar
- Bookings of $1.07 billion, up 10.7%, or 5.6% excluding effects of currency
  - ✓ 6th consecutive quarter of bookings around $1 billion
- Sales of $959 million, down 6.4%, or 11.0% excluding effects of currency
- Gross margin increase of 40 basis points to 36.3%**
- Operating margin increase of 40 basis points to 14.8%**

**Calculated using Q1 2010 fully diluted shares of 56.5 million*

*** Q1 2009 included realignment charges of $6.1 million to Cost of Sales and $3.8 million to SG&A while Q1 2010 included realignment charges of $0.9 million to Cost of Sales and $(0.4) million to SG&A*

Q1 2010 – Consolidated Financial Results

($ millions)	1st Quarter 2009	1st Quarter 2010	Delta (%)	Constant FX (%)**
Bookings	$ 968.2	$ 1,071.6	10.7%	5.6%
Sales	$ 1,024.7	$ 958.9	(6.4%)	(11.0%)
Gross Profit	$ 367.8	$ 348.3	(5.3%)	
Gross Margin (%)	35.9%	36.3%	40 bps	
SG&A	$ 225.3	$ 211.2	(6.3%)	(9.8%)
SG&A (%)	22.0%	22.0%	0 bps	
Income from Affiliates	$ 4.7	$ 5.1	8.5%	
Operating Income	$ 147.1	$ 142.2	(3.3%)	(9.4%)
Operating Margin (%)	14.4%	14.8%	40 bps	
Adjusted Operating Income*	$ 157.0	$ 142.7	(9.1%)	(14.8%)
Adjusted Operating Margin (%)*	15.3%	14.9%	(40 bps)	
Other Expense, net	$ (9.3)	$ (21.5)	(131.2%)	
Tax Expense	$ (36.0)	$ (31.8)	11.7%	
Net Earnings	$ 92.3	$ 80.2	(13.1%)	
Diluted EPS	$ 1.64	$ 1.42	(13.4%)	
Adjusted EPS*	$ 1.77	$ 1.43	(19.2%)	

- As of 3/31/10, 2.4 million shares (112,500 Q1 2010) had been repurchased in conjunction with the company's previously announced $300 million buyback program

** Adjusted operating income and adjusted EPS exclude realignment charges of $9.9 million and $0.5 million for Q1 2009 and Q1 2010, respectively*

*** Constant FX represents the year over year variance assuming 2010 results at 2009 FX rates*

Realignment Overview

- Combined realignment program included initiatives to:
  - ✓ Scale the business and reduce cost
  - ✓ Optimize certain non-strategic manufacturing facilities and other assets
  - ✓ Enhance our customer facing organization
- Total costs incurred to date – $68.6 million
  - ✓ Net charge for Q1 2010 approximately $0.5 million
  - ✓ Approximately $4.5 million of charges programmed for the balance of 2010
  - ✓ Additional initiatives of up to $15 million under consideration
- 2010 savings expected to approximate $95 million
  - ✓ Savings in Q1 2010 approximated $18 million
- Annual run rate savings estimated at about $110 million

The effects of realignment have started to provide margin benefits and should generate further benefits in 2010 and beyond

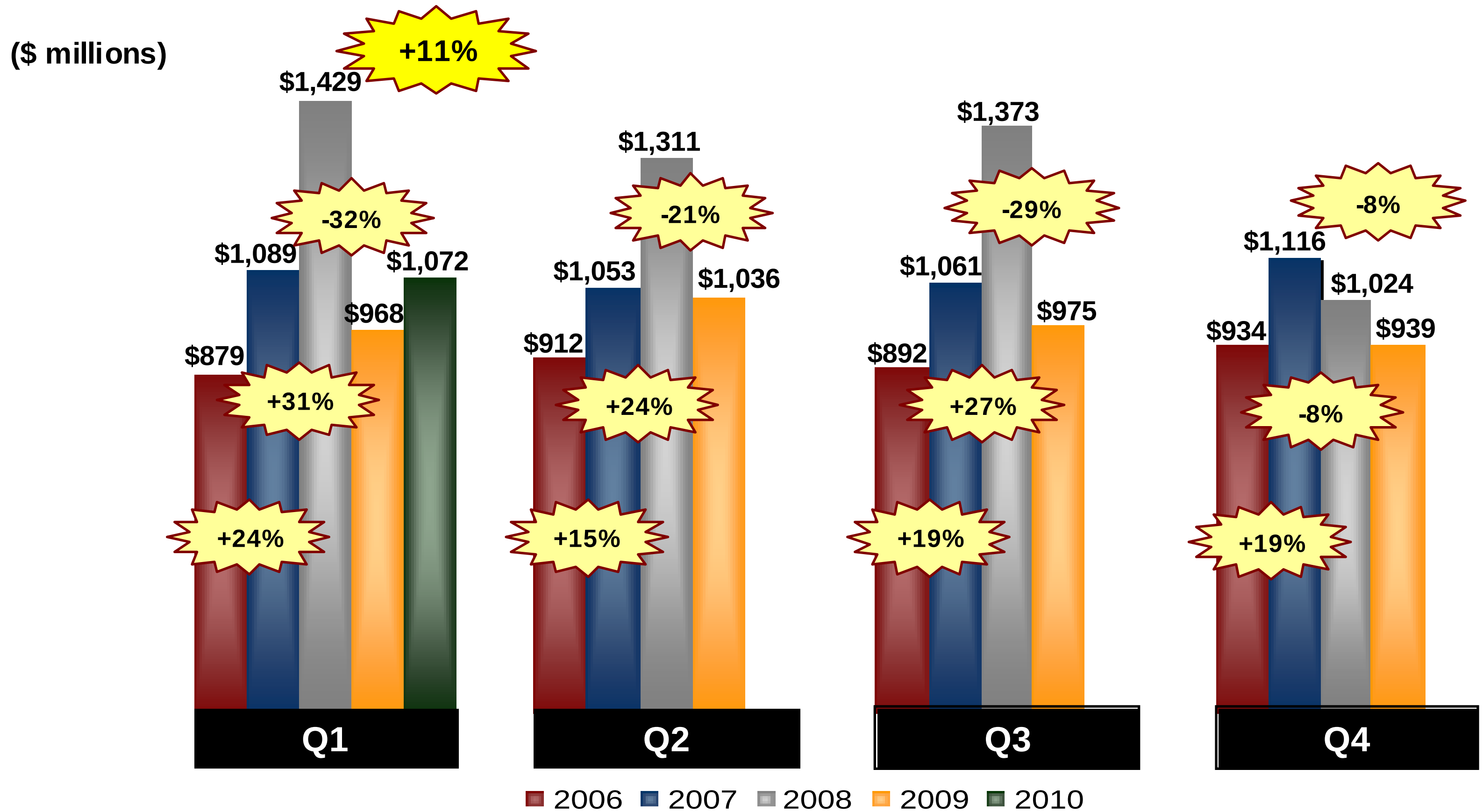
Q1 2010 Cash Flows

($ millions)	Q1 2009	Q1 2010
Net Income	$ 93	$ 80
Depreciation and amortization	21	25
Change in working capital	(332)	(268)
Other	38	14
Total Operating Activities	**(180)**	**(149)**
Capital expenditures	(44)	(15)
Other	-	8
Total Investing Activities	**(44)**	**(7)**
Net payments under lines of credit	(1)	(1)
Dividends	(14)	(15)
Proceeds of debt or other	(2)	10
Repurchase of common shares	(7)	(12)
Proceeds from stock option activity	-	5
Total Financing Activities	**(24)**	**(13)**
Effect of exchange rates	**(23)**	**(17)**
Net Increase (Decrease) in Cash	**$ (271)**	**$ (186)**

Questions and Answers

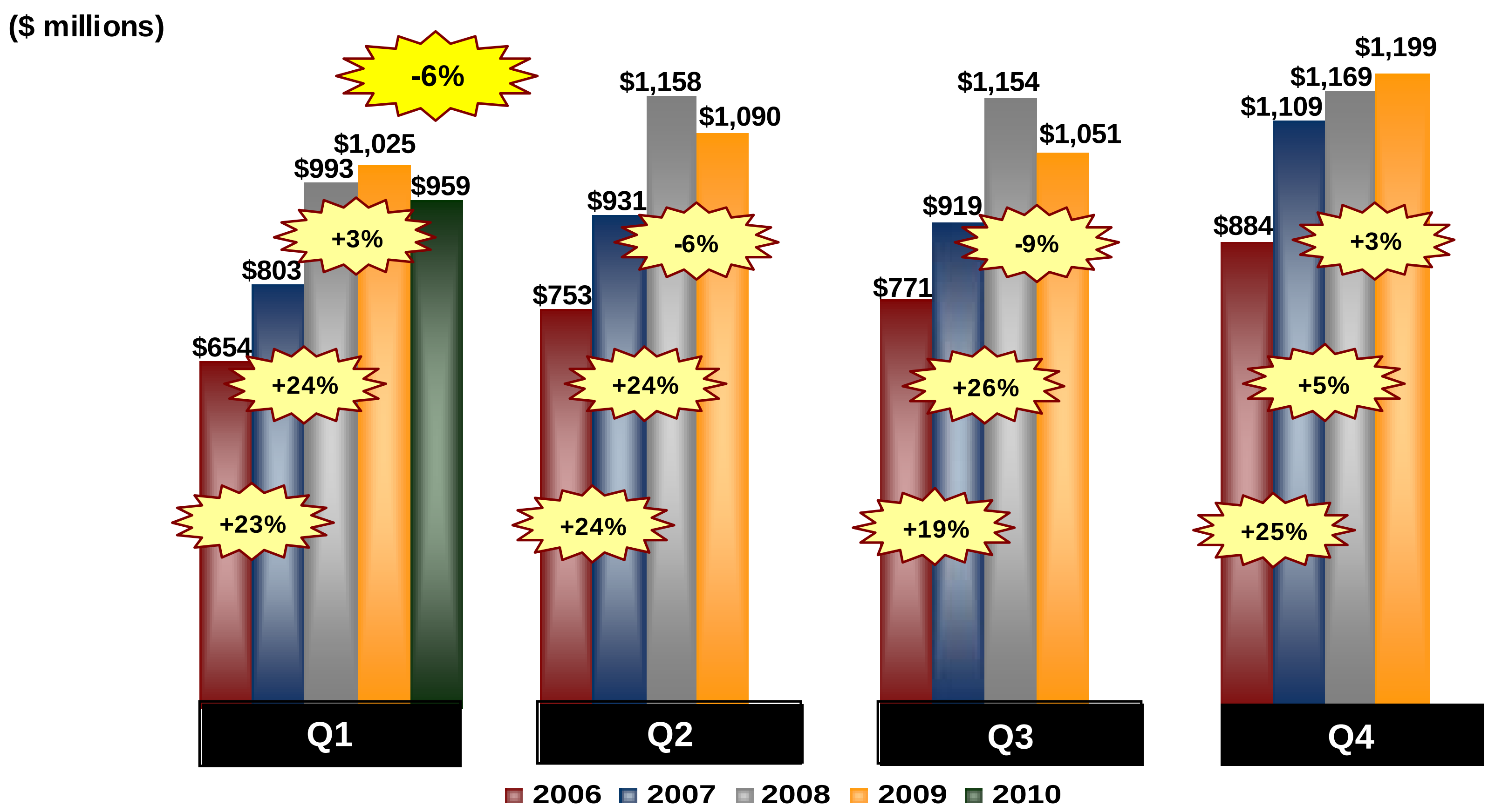
Appendix

Quarterly Bookings Performance



- Represents Q1 2010 gross bookings excluding cancellations of $1.9 million
- Q1 2010 bookings included positive currency impact of approximately $49 million compared to Q1 2009

Quarterly Sales Performance



- Q1 2010 sales included positive currency impact of approximately $47 million compared to Q1 2009

Q1 2010 – Realignment Overview

($ millions)	Restructuring				
	EPD	IPD	FCD	Other	Total
Cost of Sales	$0.9	$0.6	$0.0	$0.0	$1.5
SG&A	(0.4)	0.0	0.0	0.0	(0.4)
Total	$0.5	$0.6	$0.0	$0.0	$1.1

	Non-Restructuring				
	EPD	IPD	FCD	Other	Total
Cost of Sales	($0.3)	($0.3)	$0.0	$0.0	($0.6)
SG&A	0.0	0.0	0.0	0.0	0.0
Total	($0.3)	($0.3)	$0.0	$0.0	($0.6)

	Total Realignment				
	EPD	IPD	FCD	Other	Total
Cost of Sales	$0.6	$0.3	$0.0	$0.0	$0.9
SG&A	(0.4)	0.0	0.0	0.0	(0.4)
Total	$0.2	$0.3	$0.0	$0.0	$0.5

- All amounts noted above are under review and subject to change

Form 8-K Information

For unaudited historical financial information for the new EPD and IPD reporting segments, please refer to our Current Report on Form 8-K filed with the SEC on April 29, 2010, which can be found through the "Investor Relations" section of our Internet website (www.flowserve.com) or the SEC's website (www.sec.gov).

Non-GAAP Reconciliation

Divisional Adjusted Operating Income

($ millions)	Q1 2009		
	EPD	IPD	FCD
Reported GAAP Operating Income	$99.8	$23.0	$47.6
Realignment Charges	7.9	1.3	0.5
Adjusted Operating Income	$107.7	$24.3	$48.1

($ millions)	Q1 2010		
	EPD	IPD	FCD
Reported GAAP Operating Income	$102.4	$21.0	$40.1
Realignment Charges	0.2	0.3	0.0
Adjusted Operating Income	$102.6	$21.3	$40.1

Note: Flowserve supplements its reporting of operating income determined in accordance with GAAP by using adjusted operating income. Flowserve's adjusted operating income reflects management's judgment of particular items and may not be comparable to similarly titled measures reported by other companies.

Consolidated Adjusted Operating Income and EPS

($ millions except share data)	Q1 2009 Operating Income	Q1 2009 Diluted EPS	Q1 2010 Operating Income	Q1 2010 Diluted EPS
Reported GAAP	$147.1	$1.64	$142.2	$1.42
Realignment Charges	9.9	$0.13	0.5	$0.01
Adjusted	$157.0	$1.77	$142.7	$1.43

Note: Flowserve supplements its reporting of operating income and diluted earnings per share determined in accordance with GAAP by using adjusted operating income and adjusted diluted earnings per share. Flowserve's adjusted operating income and adjusted diluted earnings per share reflect management's judgment of particular items and may not be comparable to similarly titled measures reported by other companies.

Venezuela Devaluation

REG G Table

	Q1 2010	
	$ Millions	**Diluted EPS Impact**
Currency devaluation loss	($12.4)	($0.22)
Foreign currency exchange settlement gains at essential items rate	3.5	0.06
Foreign currency exchange loss	**($8.9)**	**($0.16)**

Note: *No tax benefit or expense attributed to the currency devaluation loss or foreign currency exchange settlement gains. Diluted EPS impact calculated with no tax effect and using Q1 2010 fully diluted shares of 56.5 million.*