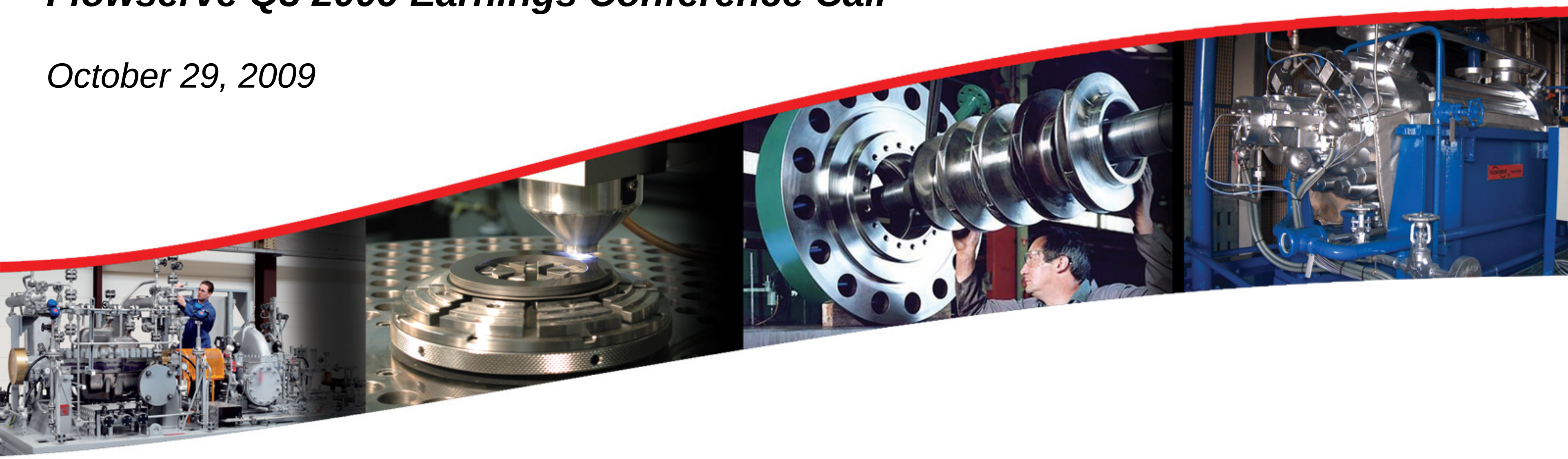
FLOWSERVE

Flowserve Q3 2009 Earnings Conference Call

October 29, 2009



Experience In Motion

Special Note

<u>SAFE HARBOR STATEMENT</u>: 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; the highly competitive nature of the markets in which we operate; risks associated with cost overruns on fixed-fee projects and in taking customer orders for large complex custom engineered products requiring sophisticated program management skills and technical expertise for completion; the substantial dependence of our sales on the success of the petroleum, chemical, power and water 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 petroleum producers, and non-compliance with U.S. export/re-export control, foreign corrupt practice laws, economic sanctions and import laws and regulations; 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; risks associated with certain of our foreign subsidiaries conducting business operations and sales in certain countries that have been 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, and tax liabilities that could result from audits of our tax returns by regulatory authorities in various tax jurisdictions; the potential adverse impact of an impairment in the carrying value of goodwill or other intangibles; our dependence upon third-party suppliers whose failure to perform timely could adversely affect our business operations; 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; 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.

Q3 – Consolidated Financial Results

($ millions)	3rd Quarter				Year-To-Date			
	2008	2009	Delta (%)	Constant FX (%)**	2008	2009	Delta (%)	Constant FX (%)**
Bookings	$ 1,373.5	$ 975.3	(29.0%)	(26.3%)	$ 4,113.4	$ 2,946.0	(28.4%)	(22.0%)
Sales	$ 1,153.6	$ 1,051.1	(8.9%)	(4.8%)	$ 3,304.5	$ 3,166.2	(4.2%)	4.2%
Gross Margin (%)	35.1%	36.6%	150 bps		35.4%	36.0%	60 bps	
SG&A (%)	21.1%	21.6%	(50 bps)		22.0%	21.6%	40 bps	
Operating Income	$ 164.5	$ 161.2	(2.0%)	4.1%	$ 456.2	$ 467.1	2.4%	15.1%
Operating Margin (%)	14.3%	15.3%	100 bps		13.8%	14.8%	100 bps	
Adjusted Operating Income*	$ 164.5	$ 164.8	0.2%	6.3%	$ 456.2	$ 500.3	9.7%	22.4%
Adjusted Operating Margin (%)*	14.3%	15.7%	140 bps		13.8%	15.8%	200 bps	
Diluted EPS*	$ 2.04	$ 2.07	1.5%		$ 5.68	$ 5.63	(0.9%)	
Adjusted EPS*	$ 2.04	$ 2.12	3.9%		$ 5.68	$ 6.06	6.7%	

- As of 9/30/09, 2.2 million shares (413,000 2009 YTD) 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 $3.6 million and $33.2 million for Q3 2009 and 2009 YTD, respectively*

*** Constant FX represents the year over year variance assuming 2009 results at 2008 FX rates*

Improving margins to drive strong earnings performance

Key Financial Highlights

- Continued Strong Earnings
  - ✓ Third quarter EPS of $2.07, a 1.5% increase versus prior year (EPS of $2.12, up 3.9% excluding realignment charges of $3.6 million)
  - ✓ Year-to-date EPS of $5.63, down 0.9% (EPS of $6.06, up 6.7% excluding realignment charges of $33.2 million)
- Continued Stable Bookings
  - ✓ Fourth consecutive quarter of bookings approximating $1 billion in challenging economic environment
  - ✓ 0.93 book to bill ratio resulting in strong backlog of $2.66 billion
- Steady Aftermarket Performance
  - ✓ Q3 aftermarket bookings were down 7.3%, or 2.5% excluding 4.8% currency headwind, representing 39% of all bookings vs. 30% in Q3 2008
  - ✓ Year-to-date aftermarket bookings were down 6.7%, or up 0.9% excluding 7.6% currency headwind, representing 40% of all bookings vs. 30% in 2008

Key Financial Highlights

- Our margins remained strong
  - ✓ Q3 operating margin up 100 basis points to 15.3%, including 110 bps of realignment and discrete legal charges
    - ✓ Gross margin up 150 basis points to 36.6%, or up 170 basis points to 36.8% excluding realignment charges of $2.1 million
  - ✓ YTD our operating margins grew 100 bps to 14.8%, including realignment charges of 100 bps despite slightly lower sales
    - ✓ YTD gross margins were up 60 basis points to 36.0%, or up 120 basis points to 36.6% excluding realignment charges of $20.4 million
- Cash flows continue to provide growth and shareholder returns
  - ✓ Supported organic growth CAPEX of $23 million in Q3 and $87 million YTD
  - ✓ Returned $27 million in Q3 and $72 million YTD to shareholders through dividends and share repurchases
  - ✓ Fully funded US pension obligations under ERISA by investing $58 million in Q3 and $83 million YTD

Key Accomplishments

- Substantially completed previously announced realignment program
  - ✓ Closed facilities and reduced labor expense through headcount reduction and product migration to more cost-effective locations
  - ✓ Now expect $60 million annualized savings run rate (approximately $50 million structural annual run rate savings)
- Generated strong cash flows to support CAPEX, pension funding, and return of shareholder capital
  - ✓ Standard and Poor's raised debt rating to BB+/positive outlook in Q3
- Invested in key growth areas
  - ✓ Integrated Solutions Group
  - ✓ Purchased Calder to bolster desalination product offering
  - ✓ QRCs opened in China, Brazil, South Africa, India, Indonesia, Saudi Arabia, UAE, Vietnam, Malaysia, South Korea, Finland, Canada, and the U.S.

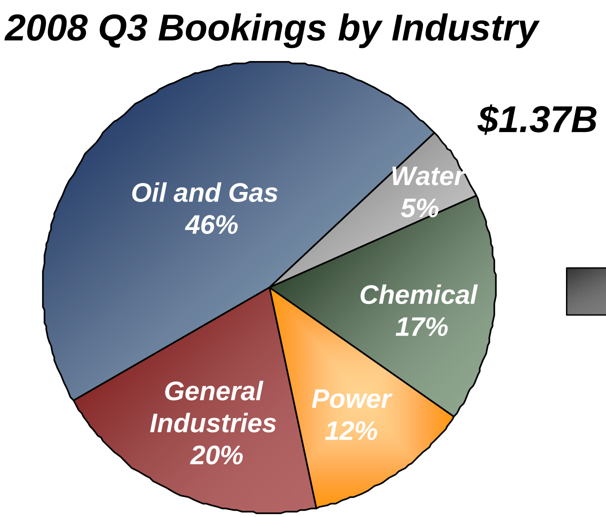
Market Outlook

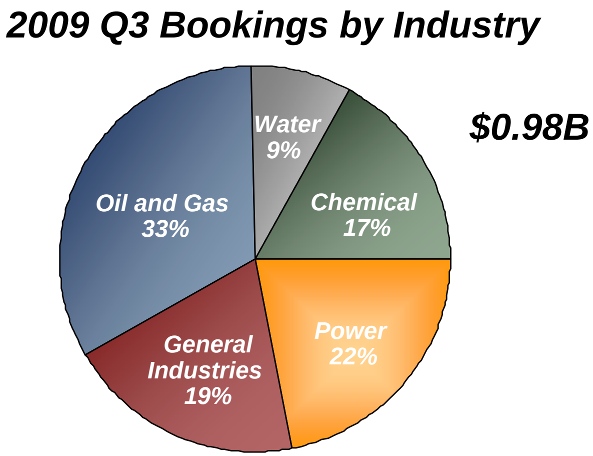
The Drivers of Global Infrastructure Investment Remain Constant!

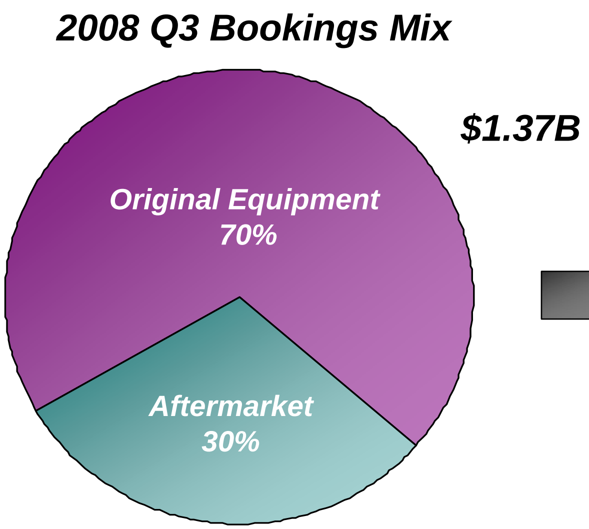
Historical Primary Driver	Profit	• Shareholder Value • Internal Rate of Return	Capital Investments
Increasing Drivers of Investments	Demographics	• Population Growth • Industrialization • Rural to Urban Move • Middle Class Rise	Growth Investments
	Aging Infrastructure	• Refurbishment • Efficiency • Upgrade • Optimization	Sustaining Investments
	Independence	• Diversification • Energy Security • Environmental • Nationalism	Political Investments
	Economic Growth	• Job Creation • Political Stability • Social Stability • Localization	Social Investments

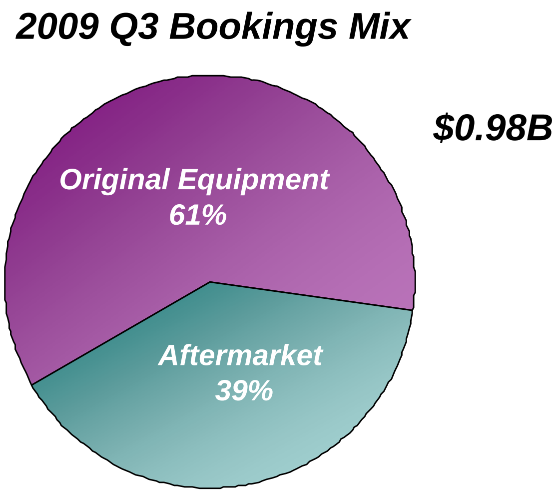
Persistent drivers stimulate investment in long term infrastructure requirements to meet future demand, replace aging operations and support social needs

Flowserve Markets – Bookings



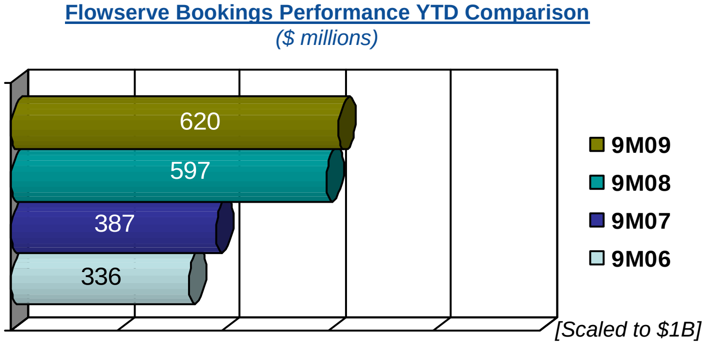






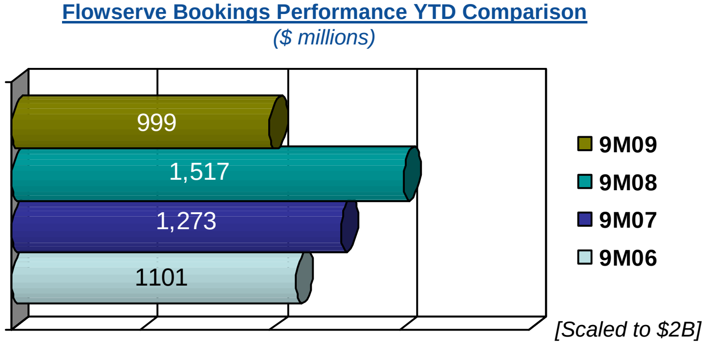
Global Industry Outlook

Power ➔ 21% YTD Bookings



- *Forecasts continue to show strong investments*
  - *Majority of announced investments are occurring in the developing regions*
- *Fossil fuels remain a primary source for the near term*
  - *Clean coal technologies should be more widely utilized*
- *Renewables will play a prominent role in the future*
  - *India and China to expand the use of nuclear power*
  - *Future power grid interconnection projects could improve viability of investments in wind and solar*

Oil & Gas ➔ 34% YTD Bookings



- *Industry forecasts for oil demand have increased compared to the mid-year forecasts*
- *Investment activities continue in the developing regions in upstream, midstream and downstream*
- *The mature markets are still facing difficulties*
  - *Need for higher complexity refining may support investments*
- *Advanced technology investments continue globally*
  - *Tar sands, deep water and heavy oil*
  - *Liquefied natural gas (LNG) expansion*

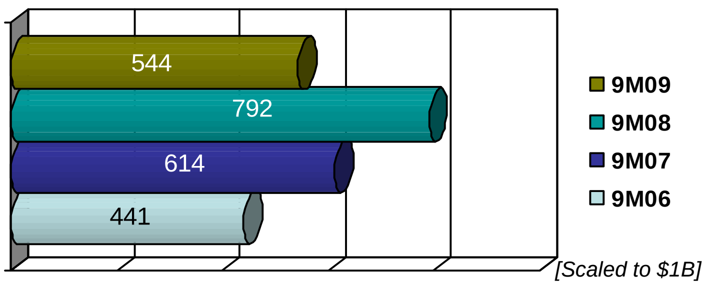
Flowserve's market position, application knowledge and technical capabilities are well suited to provide market share growth opportunities in these key industries

Sources: *Energy Information Administration, International Energy Agency, Platts Power Market Reports, Industrial Information Resources*

Global Industry Outlook

Chemical ➔ 19% YTD Bookings

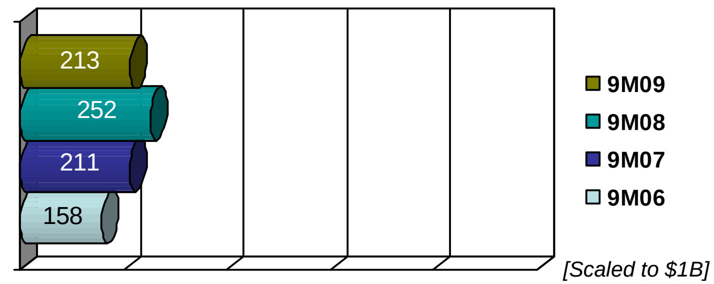
Flowserve Bookings Performance YTD Comparison
($ millions)



- *Impact from the global recession continues to have an adverse affect on the chemical industry*
- *Promising signs are occurring such as the favorable adjustments to global GDP forecasts since mid-year*
- *Expansion plans continue in the developing regions*
  - *Predominately focused on commodity chemicals*
  - *Several refinery projects now include petrochemical operations*
- *Agriculture chemicals remain on an investment path*

Water ➔ 7% YTD Bookings

Flowserve Bookings Performance YTD Comparison
($ millions)



- *Many parts of the world remain challenged in respect to potable water*
  - *One report shows 1 out of 6 people globally do not have access to clean, safe water*
- *Water stressed regions are looking at desalination as a solution*
  - *World investment in RO membrane desalination is projected to grow at above a 7% CAGR over the next 5 years*
- *Stimulus investments in several regions have a component focused on availability of clean water*

Flowserve's applied technology capabilities, specialty products and long standing heritage presence in these industries provides a platform for growth

Sources: *Economist Intelligence Unit, ICIS Chemical Research, Global Water Intelligence, BCC Research, Industrial Information Resources*

Categories of Spend by Our Customers

GREENFIELD – NEW OPERATIONS

- *Utilize our End User strategy to gain knowledge of projects in early stage*
- *Leverage our technical capabilities to assist in the customer's design work*
- *Establish long term customer relationships potentially leading to standardization*

BROWNFIELD – EXISTING OPERATIONS

- *Utilize our Integrated Solutions capabilities to grow market share in this area*
- *Leverage our global technical and application knowledge*
- *Establish solutions designed to improve the performance of existing operations*

Flowserve Quick Response Centers

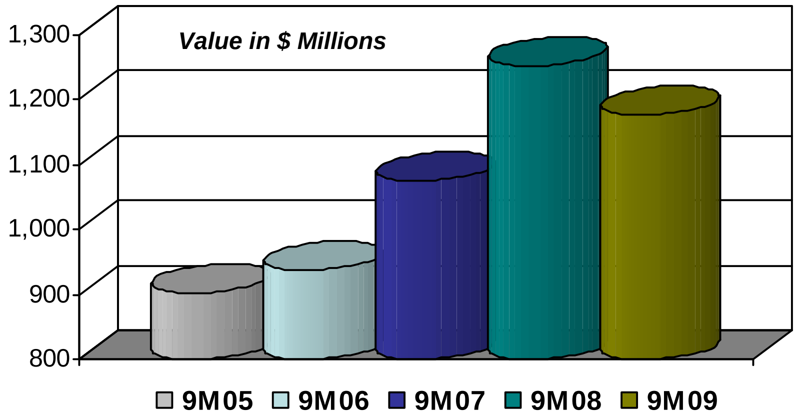
AFTERMARKET – CONTINUING OPERATIONS

- *Utilize our extensive global footprint of Quick Response Centers*
- *Leverage our diagnostic knowledge to minimize the impact of unplanned downtime*
- *Establish alliance relationships designed to drive lowest total cost of ownership*

Embedded in Flowserve's growth strategy is an appropriate balance of assets and resources focused on expanding market share in each of these areas

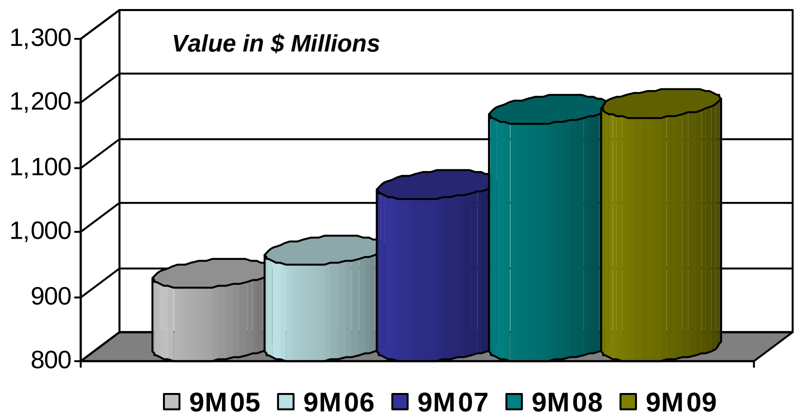
Aftermarket Overview

Bookings Comparison 9 Months YTD



Bookings Comparison – Constant Dollar

[2009 Constant Dollar View at 6/30/09 rates]



- *Aftermarket business opportunities persist across all of our key industries*
- *The bookings volume in 2009 was adversely impacted by the lack of spend in the first couple of months*
- *Maintenance spending has been challenged in the refining segment due to reduced margin performance*
- *Continued investments in globalizing our Quick Response Center (QRC) infrastructure is important to support the pursuit of future growth opportunities*

As the economy recovers globally, we believe that Flowserve is well positioned to grow market share in the aftermarket component of our business

Sources: *Flowserve Internal Data*

Division Updates

Flowserve Pump Division – Q3 Segment Results

($ millions)	3rd Quarter 2008	3rd Quarter 2009	3rd Quarter Delta (%)	3rd Quarter Constant FX (%)**	Year-To-Date 2008	Year-To-Date 2009	Year-To-Date Delta (%)	Year-To-Date Constant FX (%)**
Bookings	$ 858.3	$ 517.8	(39.7%)	(37.2%)	$ 2,484.9	$ 1,687.1	(32.1%)	(25.4%)
Sales	$ 639.2	$ 637.1	(0.3%)	4.5%	$ 1,833.5	$ 1,896.6	3.4%	12.8%
Gross Margin (%)	30.5%	32.4%	190 bps		31.4%	32.5%	110 bps	
SG&A (%)	15.0%	15.5%	(50 bps)		16.1%	15.5%	60 bps	
Operating Margin (%)	15.6%	17.1%	150 bps		15.4%	17.2%	180 bps	
Adjusted Operating Margin (%)*	15.6%	17.3%	170 bps		15.4%	17.9%	250 bps	

- OE Bookings declined as some O&G projects moved into Q4 while we maintained pricing discipline
- While only a few large projects closed in Q3 quoting activity was very high
  - The Middle East and Brazil O&G activity is very active, but most other areas are slow
- Nuclear Power activity remained high in China and began to grow in South Korea
  - CO_2 issues and uncertainty have constrained Fossil Power activity
- Water activity is increasing, primarily in Desalination

** Adjusted operating income excludes realignment charges of $1.4 million and $14.4 million for Q3 2009 and 2009 YTD, respectively*

*** Constant FX represents the year over year variance assuming 2009 results at 2008 FX rates*

Flowserve Pump Division – Q3 Segment Results

($ millions)		3rd Quarter				Year-To-Date			
		2008	2009	Delta (%)	Constant FX (%)*	2008	2009	Delta (%)	Constant FX (%)*
Bookings Mix	OE	593	278	(53%)	(51%)	1,676	945	(45%)	(37%)
		69%	54%			67%	56%		
	AM	265	240	(9%)	(6%)	809	742	(9%)	(1%)
		31%	46%			33%	44%		
Sales Mix	OE	409	392	(4%)	1%	1,103	1,180	7%	18%
		64%	62%			60%	62%		
	AM	230	245	7%	10%	731	717	(2%)	6%
		36%	38%			40%	38%		

** Constant FX represents the year over year variance assuming 2009 results at 2008 FX rates*

Significant mix shift to aftermarket bookings

Flow Control Division – Q3 Segment Results

($ millions)	3rd Quarter 2008	3rd Quarter 2009	3rd Quarter Delta (%)	3rd Quarter Constant FX (%)**	Year-To-Date 2008	Year-To-Date 2009	Year-To-Date Delta (%)	Year-To-Date Constant FX (%)**
Bookings	$ 367.6	$ 333.1	(9.4%)	(6.4%)	$ 1,187.0	$ 907.2	(23.6%)	(17.8%)
Sales	$ 365.2	$ 293.5	(19.6%)	(16.6%)	$ 1,035.7	$ 893.2	(13.8%)	(6.6%)
Gross Margin (%)	36.3%	38.2%	190 bps		35.9%	36.8%	90 bps	
SG&A (%)	19.9%	20.0%	(10 bps)		20.4%	20.6%	(20 bps)	
Operating Margin (%)	16.8%	18.4%	160 bps		16.2%	16.6%	40 bps	
Adjusted Operating Margin (%)*	16.8%	18.6%	180 bps		16.2%	17.5%	130 bps	

- **Chemical Market**
  - ✓ Continues to be soft driven by GDP
  - ✓ Specialty chemicals, agriculture, acetic acid, and PVC chemical markets are promising
- **Power Market**
  - ✓ Power market in nuclear is strong – U.S., China, Korea, Europe, India
  - ✓ Coal market is waiting for C02, and carbon cap and trade legislation
- **Oil / Gas**
  - ✓ Middle East gas development and refinery expansion
  - ✓ LNG proposal work is active
  - ✓ Active Oil/Gas market in China, India, Brazil, North Africa, and Middle East
- **General Industry / Water**
  - ✓ Desalination market is active in the Middle East, Australia

- **Opportunities to grow…..**
  - ✓ Nuclear Power and nuclear remediation
  - ✓ Desalination
  - ✓ Packaging of products and services
  - ✓ Middle East Oil/Gas
  - ✓ Diagnostic (asset management)
  - ✓ Regional opportunities in Brazil, Middle East, China, India, and Australia
  - ✓ Efficiency initiatives (low cost sourcing, Lean, value engineering)

** Adjusted operating income excludes realignment charges of $0.6 million and $8.3 million for Q3 2009 and 2009 YTD, respectively*
*** Constant FX represents the year over year variance assuming 2009 results at 2008 FX rates*

Flow Solutions Division – Q3 Segment Results

($ millions)	3rd Quarter 2008	3rd Quarter 2009	3rd Quarter Delta (%)	3rd Quarter Constant FX (%)**	Year-To-Date 2008	Year-To-Date 2009	Year-To-Date Delta (%)	Year-To-Date Constant FX (%)**
Bookings	$ 173.0	$ 141.4	(18.3%)	(14.8%)	$ 513.7	$ 406.2	(20.9%)	(15.3%)
Sales	$ 170.9	$ 136.3	(20.2%)	(17.3%)	$ 495.5	$ 424.7	(14.3%)	(8.0%)
Gross Margin (%)	45.5%	49.1%	360 bps		45.1%	46.2%	110 bps	
SG&A (%)	26.9%	28.8%	(190 bps)		26.3%	28.8%	(250 bps)	
Operating Margin (%)	19.4%	21.3%	190 bps		19.8%	18.4%	(140 bps)	
Adjusted Operating Margin (%)*	19.4%	22.1%	270 bps		19.8%	20.7%	90 bps	

- Bookings have declined primarily from project orders, but have stabilized sequentially in 2009
  - ✓ Book to bill of 1.04 in Q3
- Driving improved margins through realignment, cost control, and flexible manufacturing platform
  - ✓ Able to load most cost effective operations first
- Continuing to invest in aftermarket growth and customer-centric training
  - ✓ Added QRC and testing locations
  - ✓ Signed 20 new customer alliance agreements in Q3
  - ✓ Rotating Equipment Specialist training for sales, application and product engineers

** Adjusted operating income excludes realignment charges of $1.0 million and $9.6 million for Q3 2009 and 2009 YTD, respectively*

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Financial Update

Q3 – Consolidated Financial Results

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Adjusted Operating Income*	$ 164.5	$ 164.8	0.2%	6.3%	$ 456.2	$ 500.3	9.7%	22.4%
Adjusted Operating Margin (%)*	14.3%	15.7%	140 bps		13.8%	15.8%	200 bps	
Diluted EPS*	$ 2.04	$ 2.07	1.5%		$ 5.68	$ 5.63	(0.9%)	
Adjusted EPS*	$ 2.04	$ 2.12	3.9%		$ 5.68	$ 6.06	6.7%	

- As of 9/30/09, 2.2 million shares (413,000 2009 YTD) 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 $3.6 million and $33.2 million for Q3 2009 and 2009 YTD, respectively*

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Improving margins to drive strong earnings performance

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Primary Working Capital

Balances for All Periods as a % of Trailing Twelve Months Sales

($ millions)	Q3 2008		Q4 2008		Q3 2009	
	$	%	$	%	$	%
Receivables	912	20.7%	809	18.1%	841	19.4%
Inventory	859	19.5%	835	18.7%	884	20.4%
Payables	(471)	(10.7%)	(598)	(13.4%)	(399)	(9.2%)
Primary Working Capital	**1,300**	**29.5%**	**1,046**	**23.4%**	**1,326**	**30.6%**
Advance Cash*	(386)	(8.7%)	(429)	(9.6%)	(381)	(8.8%)
Total	**914**	**20.8%**	**617**	**13.8%**	**945**	**21.8%**
Backlog	**3,076**		**2,825**		**2,665**	

** Advance cash commitments from customers to fund working capital*

Opportunities to drive additional cash in Q4

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Q3 Cash Flows

($ millions)	Q1	Q2	Q3	YTD	
	2009	2009	2009	2008	2009
Net Income	93	108	117	330	318
Depreciation and Amortization	21	27	24	63	72
Change in Working Capital	(332)	(13)	(2)	(318)	(347)
Other	39	(20)	(57)	(80)	(38)
Total Operating Activities	**(179)**	**102**	**82**	**(5)**	**5**
Capital expenditures	(44)	(20)	(23)	(73)	(87)
Acquisition and Other	-	(29)	(2)	8	(31)
Total Investing Activities	**(44)**	**(49)**	**(25)**	**(65)**	**(118)**
Net payments under lines of credit	(2)	1	(3)	5	(4)
Dividends	(14)	(15)	(15)	(37)	(44)
Proceeds of debt or other	(1)	-	3	17	2
Repurchase of common shares	(7)	(9)	(12)	(135)	(28)
Proceeds from stock option activity	-	1	1	11	2
Total Financing Activities	**(24)**	**(22)**	**(26)**	**(139)**	**(72)**
Effect of exchange rates	**(24)**	**19**	**9**	**(10)**	**4**
Net Increase (Decrease) in Cash	**(271)**	**50**	**40**	**(219)**	**(181)**

Significant Uses of Cash

($ millions)	2006	2007	2008	2009 YTD	Total
Capital Expenditures	73.5	89.0	126.9	87.1	376.5
Share Repos/Dividends	63.2	70.5	216.5	71.7	421.9
U.S. Pension Funding	36.3	16.1	50.8	82.5	185.7
Debt Repayment*	105.3	2.8	5.7	4.3	118.1
A/R Factoring/Securitization	(23.0)	5.2	63.9	-	46.1
Total	**255.3**	**183.6**	**463.8**	**245.6**	**1,148.3**
Cash Balance	**70.5**	**373.2**	**472.1**	**291.2**	

- Strong cash flows have provided opportunities
  - ✓ CAPEX to strengthen the operation and pursue organic growth
  - ✓ Return of shareholder capital and strengthening commitment to meet pension obligations
  - ✓ Strengthening balance sheet and eliminating other financing sources

** Includes scheduled, mandatory and optional debt repayments*

Using cash to grow business, strengthen balance sheet, and enhance returns

Strong Operating Platform

($ millions)	2005	2006	2007	2008	2009 YTD
Sales	2,695.3	3,061.1	3,762.7	4,473.5	3,166.2
Ending Backlog	994.1	1,630.0	2,276.6	2,825.1	2,664.9
SG&A % / Sales*	25.3%	25.1%	22.8%	22.0%	21.2%
Corporate Expense % / Sales*	4.6%	4.6%	3.5%	2.7%	2.6%
Operating Margin (%)*	7.5%	8.2%	10.9%	13.7%	15.8%
Operating Income*	201.2	252.5	409.9	613.9	
Tax Rate	43.6%	38.8%	28.8%	24.9%	27.2%
Diluted EPS (cont ops)	$0.91	$2.00	$4.46	$7.74	
Manufacturing Footprint (000's sq ft)	7,100	6,700	6,800	7,100	6,900
RONA (Return on Avg. Net Assets)**	5.1%	7.9%	12.5%	18.4%	18.8%

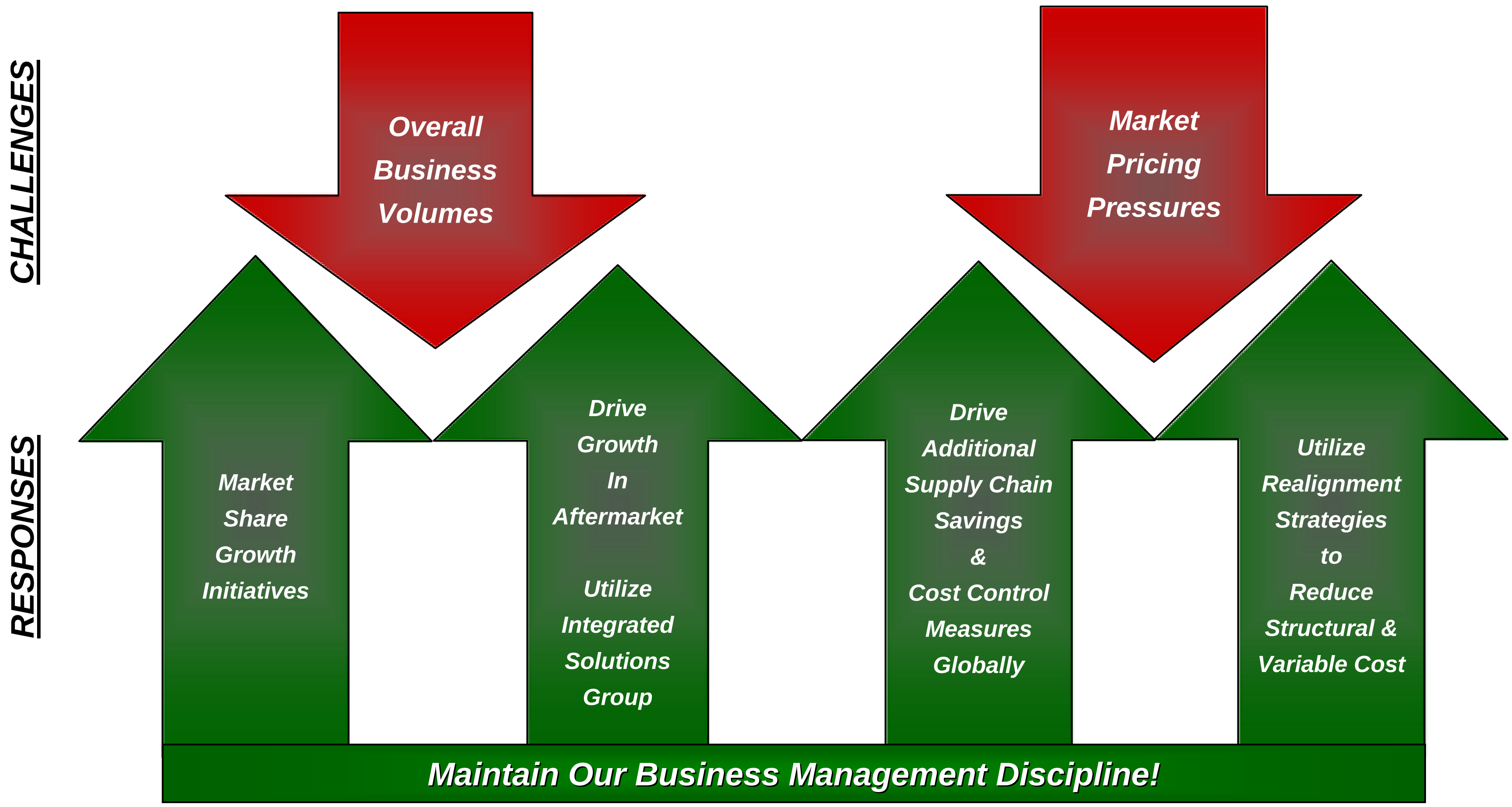
** SG&A and operating income exclude realignment charges of $2.4 million in 2005, $12.9 million in 2006, and $1.0 million in 2008. SG&A and operating income exclude realignment charges of $12.8 million and $33.2 million, respectively in 2009 YTD*

*** RONA (Return on Avg. Net Assets) calculated using trailing 12-months net income and net average assets, excluding tax-effected realignment charges*

Well positioned for 2009 and beyond

FY 2009 Outlook

Key Strategies to Address Macroeconomic Challenges



We will remain committed to our Business Management Discipline!

Additional Realignment

- Previously announced realignment of up to $40 million in 2009 has been very successful, and is expected to be completed in Q4 2009
  - ✓ Expected to drive over $60 million in annualized run rate savings, including $50 million of structural savings
- Announcing additional realignment investment of up to $45 million
  - ✓ Expect additional realignment charges of up to $30 million in 2009 and up to $15 million in 2010
  - ✓ Projecting full-year run rate savings of over $50 million from this new initiative, majority of which will be structural in nature
  - ✓ Savings through moving manufacturing to low cost facilities, consolidating product lines to drive efficiency, and reducing headcount
  - ✓ Realignment is also designed to create more effective structure to drive our end user strategy and leverage the growing network of QRCs to support aftermarket growth globally

Realignment should provide a more efficient platform to be leveraged in future periods – expected annual run rate savings of approximately $110 million

Looking Forward

- Flowserve expects 2009 full year EPS in the updated target range of $7.20 to $7.50 including approximately $70 million (approximately $0.90 per share) in realignment charges
  - ✓ Previously announced range of $7.15 to $7.75 including up to $0.50 per share in realignment costs
- Key areas of focus to drive future growth for our company
  - ✓ Remain committed to our business management discipline
  - ✓ Invest in our End User strategy for future value creation – *Integrated Solutions Group*
  - ✓ Invest in geographic expansion particularly in the developing regions
  - ✓ Develop our personnel to ensure we retain “best in class” talent in the industry
  - ✓ Drive operational excellence across our global organization
  - ✓ Execute on our realignment initiatives to position our company for today and tomorrow

  and…

  - ✓ Maximize the potential of the strength in our balance sheet

We believe that continuing our global growth strategies along with our management focus on operational excellence positions us well for today and tomorrow

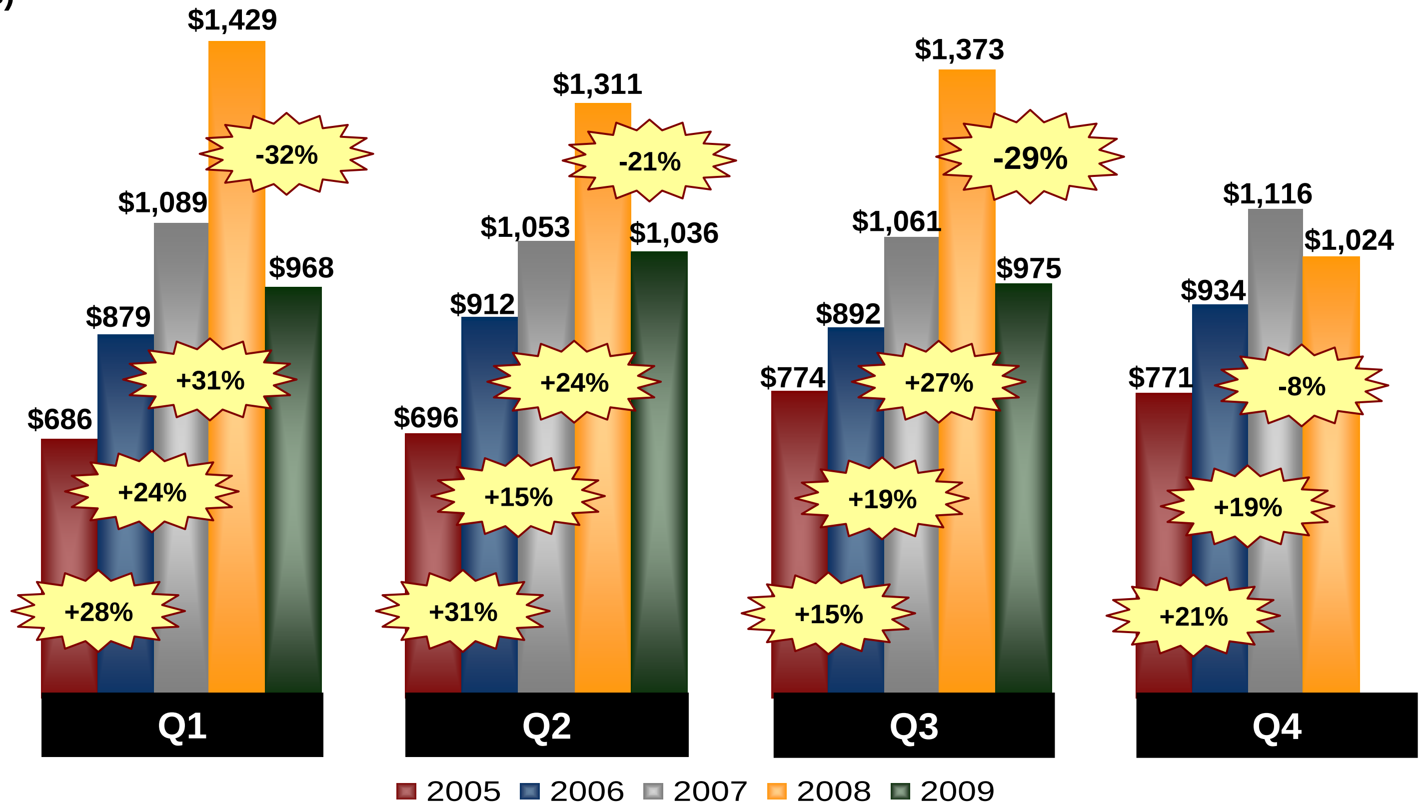
FLOWSERVE

Questions and Answers

Appendix

Quarterly Bookings Performance

($ millions)

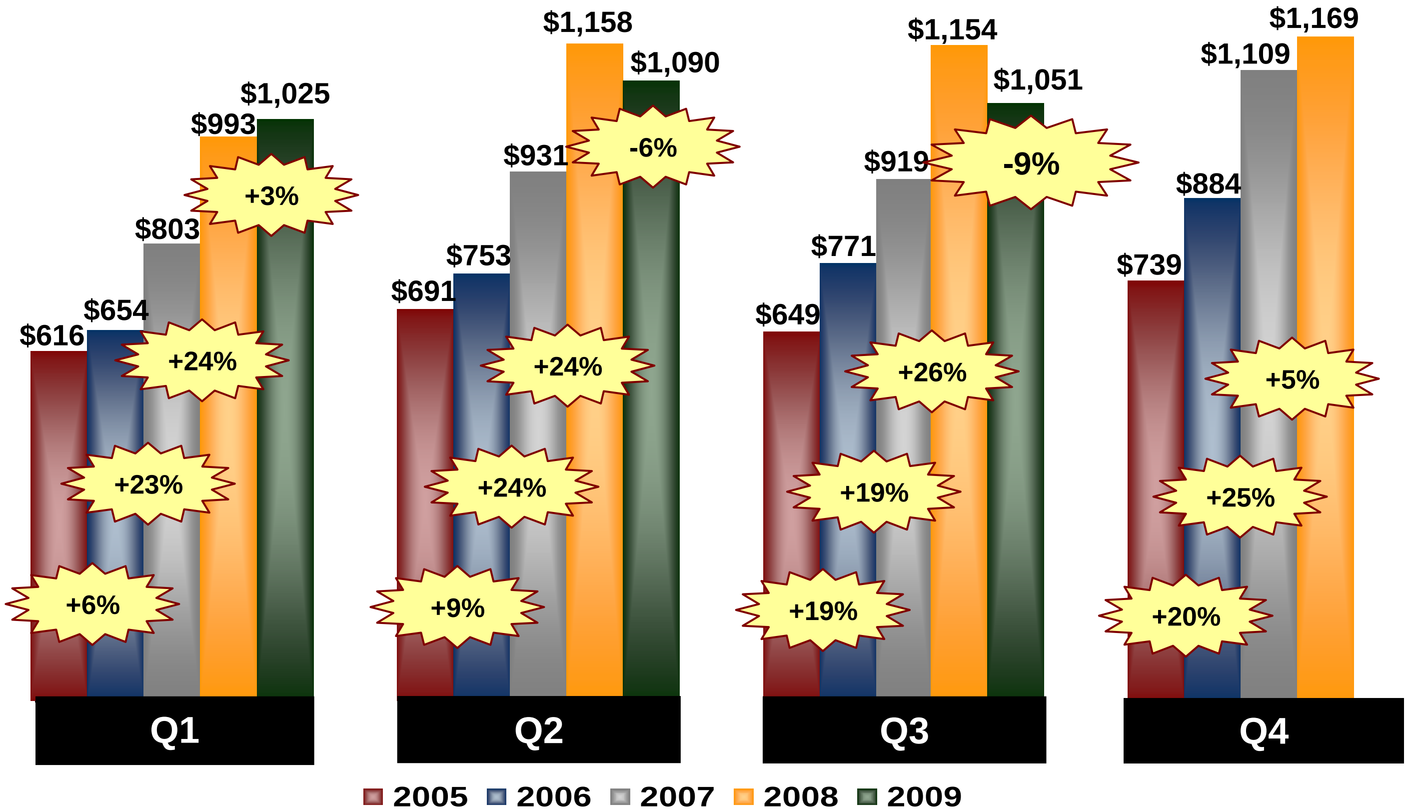


- Represents Q1 2009, Q2 2009 and Q3 2009 gross bookings excluding cancellations of $14.8 million, $9.4 million and $44.7 million, respectively.

- Q3 2009 bookings included negative currency impact of approximately $37 million compared to Q3 2008

Quarterly Sales Performance

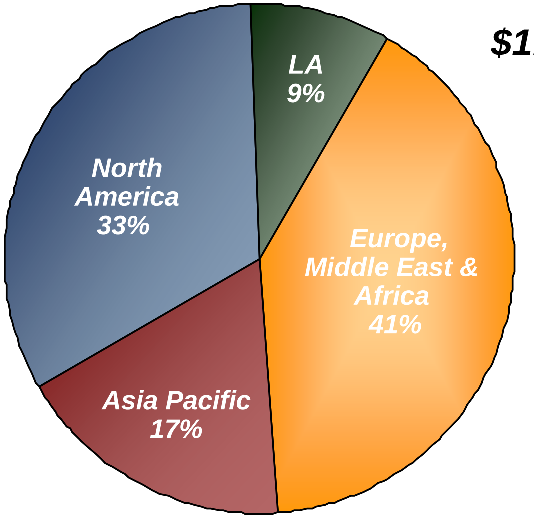
($ millions)



- Q3 2009 sales included negative currency impact of approximately $47 million compared to Q3 2008

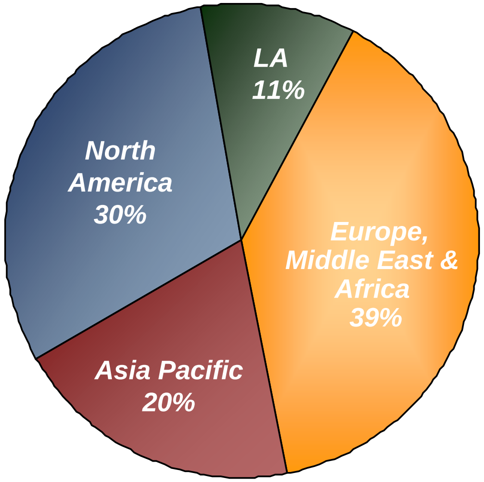
Flowserve Markets – Sales

2008 Q3 Sales by Region



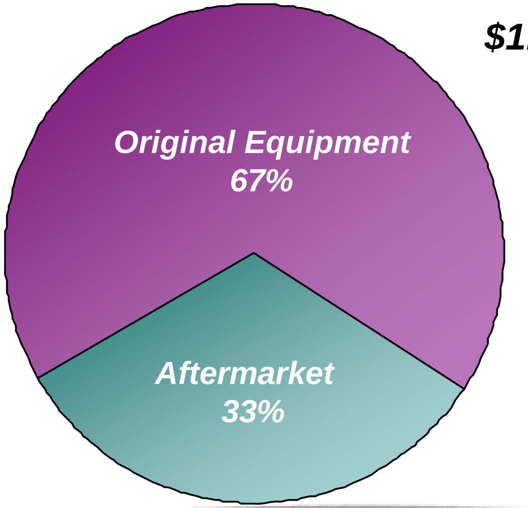
$1.15B

2009 Q3 Sales by Region



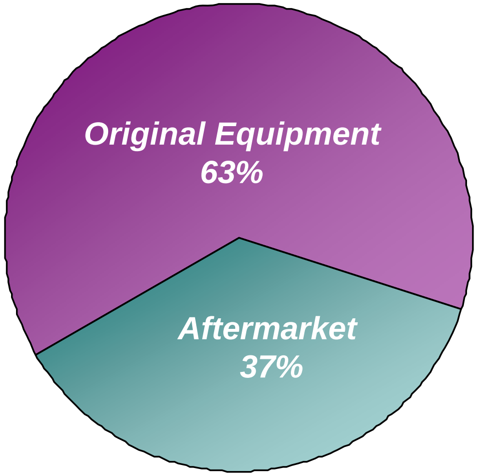
$1.05B

2008 Q3 Sales Mix



$1.15B

2009 Q3 Sales Mix



$1.05B

Flowserve Pump Division – Q3 Segment Results

($ millions)	3rd Quarter					Year-To-Date				
	2008	2009	Delta ($)	Delta (%)	Constant FX (%)**	2008	2009	Delta ($)	Delta (%)	Constant FX (%)**
Bookings	$ 858.3	$ 517.8	$ (340.5)	(39.7%)	(37.2%)	$ 2,484.9	$ 1,687.1	$ (797.8)	(32.1%)	(25.4%)
Sales	$ 639.2	$ 637.1	$ (2.1)	(0.3%)	4.5%	$ 1,833.5	$ 1,896.6	$ 63.1	3.4%	12.8%
Gross Profit	$ 194.8	$ 206.2	$ 11.4	5.9%		$ 575.5	$ 616.6	$ 41.1	7.1%	
Gross Margin (%)	30.5%	32.4%		190 bps		31.4%	32.5%		110 bps	
SG&A	$ 95.9	$ 98.7	$ 2.8	2.9%	6.0%	$ 296.0	$ 293.6	$ (2.4)	(0.8%)	5.6%
SG&A (%)	15.0%	15.5%		(50 bps)		16.1%	15.5%		60 bps	
Income from Affiliates	$ 0.5	$ 1.1	$ 0.6	120.0%		$ 2.1	$ 3.0	$ 0.9	42.9%	
Operating Income	$ 99.4	$ 108.6	$ 9.2	9.3%	15.3%	$ 281.6	$ 326.0	$ 44.4	15.8%	28.6%
Operating Margin (%)	15.6%	17.1%		150 bps		15.4%	17.2%		180 bps	
Adjusted Operating Income*	$ 99.4	$ 110.0	$ 10.6	10.7%	16.7%	$ 281.6	$ 340.4	$ 58.8	20.9%	33.7%
Adjusted Operating Margin (%)*	15.6%	17.3%		170 bps		15.4%	17.9%		250 bps	

** Adjusted operating income and adjusted EPS exclude realignment charges of $1.4 million and $14.4 million for Q3 2009 and 2009 YTD, respectively*

*** Constant FX represents the year over year variance assuming 2009 results at 2008 FX rates*

Flow Control Division – Q3 Segment Results

($ millions)	3rd Quarter 2008	3rd Quarter 2009	3rd Quarter Delta ($)	3rd Quarter Delta (%)	3rd Quarter Constant FX (%)**	Year-To-Date 2008	Year-To-Date 2009	Year-To-Date Delta ($)	Year-To-Date Delta (%)	Year-To-Date Constant FX (%)**
Bookings	$ 367.6	$ 333.1	$ (34.5)	(9.4%)	(6.4%)	$ 1,187.0	$ 907.2	$ (279.8)	(23.6%)	(17.8%)
Sales	$ 365.2	$ 293.5	$ (71.7)	(19.6%)	(16.6%)	$ 1,035.7	$ 893.2	$ (142.5)	(13.8%)	(6.6%)
Gross Profit	$ 132.5	$ 112.0	$ (20.5)	(15.5%)		$ 371.6	$ 328.3	$ (43.3)	(11.7%)	
Gross Margin (%)	36.3%	38.2%		190 bps		35.9%	36.8%		90 bps	
SG&A	$ 72.6	$ 58.7	$ (13.9)	(19.1%)	(16.4%)	$ 211.1	$ 184.1	$ (27.0)	(12.8%)	(5.7%)
SG&A (%)	19.9%	20.0%		(10 bps)		20.4%	20.6%		(20 bps)	
Income from Affiliates	$ 1.5	$ 0.7	$ (0.8)	(53.3%)		$ 6.9	$ 4.3	$ (2.6)	(37.7%)	
Operating Income	$ 61.4	$ 54.0	$ (7.4)	(12.1%)	(8.8%)	$ 167.4	$ 148.4	$ (19.0)	(11.4%)	(3.6%)
Operating Margin (%)	16.8%	18.4%		160 bps		16.2%	16.6%		40 bps	
Adjusted Operating Income*	$ 61.4	$ 54.6	$ (6.8)	(11.1%)	(7.8%)	$ 167.4	$ 156.7	$ (10.7)	(6.4%)	1.4%
Adjusted Operating Margin (%)*	16.8%	18.6%		180 bps		16.2%	17.5%		130 bps	

** Adjusted operating income and adjusted EPS exclude realignment charges of $0.6 million and $8.3 million for Q3 2009 and 2009 YTD, respectively*

*** Constant FX represents the year over year variance assuming 2009 results at 2008 FX rates*

Flow Solutions Division – Q3 Segment Results

($ millions)	3rd Quarter 2008	3rd Quarter 2009	3rd Quarter Delta ($)	3rd Quarter Delta (%)	3rd Quarter Constant FX (%)**	Year-To-Date 2008	Year-To-Date 2009	Year-To-Date Delta ($)	Year-To-Date Delta (%)	Year-To-Date Constant FX (%)**
Bookings	$ 173.0	$ 141.4	$ (31.6)	(18.3%)	(14.8%)	$ 513.7	$ 406.2	$ (107.5)	(20.9%)	(15.3%)
Sales	$ 170.9	$ 136.3	$ (34.6)	(20.2%)	(17.3%)	$ 495.5	$ 424.7	$ (70.8)	(14.3%)	(8.0%)
Gross Profit	$ 77.7	$ 66.9	$ (10.8)	(13.9%)		$ 223.3	$ 196.3	$ (27.0)	(12.1%)	
Gross Margin (%)	45.5%	49.1%		360 bps		45.1%	46.2%		110 bps	
SG&A	$ 46.0	$ 39.3	$ (6.7)	(14.6%)	(12.4%)	$ 130.5	$ 122.5	$ (8.0)	(6.1%)	0.0%
SG&A (%)	26.9%	28.8%		(190 bps)		26.3%	28.8%		(250 bps)	
Income from Affiliates	$ 1.4	$ 1.5	$ 0.1	7.1%		$ 5.1	$ 4.5	$ (0.6)	(11.8%)	
Operating Income	$ 33.1	$ 29.1	$ (4.0)	(12.1%)	(6.0%)	$ 97.9	$ 78.3	$ (19.6)	(20.0%)	(9.8%)
Operating Margin (%)	19.4%	21.3%		190 bps		19.8%	18.4%		(140 bps)	
Adjusted Operating Income*	$ 33.1	$ 30.1	$ (3.0)	(9.1%)	(3.0%)	$ 97.9	$ 87.9	$ (10.0)	(10.2%)	0.0%
Adjusted Operating Margin (%)*	19.4%	22.1%		270 bps		19.8%	20.7%		90 bps	

** Adjusted operating income and adjusted EPS exclude realignment charges of $1.0 million and $9.6 million for Q3 2009 and 2009 YTD, respectively*

*** Constant FX represents the year over year variance assuming 2009 results at 2008 FX rates*

Q3 Year-to-Date – Realignment Overview

($ millions)	Restructuring				
	FPD	FCD	FSD	Other	Total
Cost of Sales	9.0	0.5	0.8	0.0	10.3
SG&A	0.2	0.2	0.1	0.0	0.5
Total	9.2	0.7	0.9	0.0	10.8

	Non-Restructuring				
	FPD	FCD	FSD	Other	Total
Cost of Sales	2.4	3.8	3.9	0.0	10.1
SG&A	2.8	3.8	4.8	0.9	12.3
Total	5.2	7.6	8.7	0.9	22.4

	Total Realignment				
	FPD	FCD	FSD	Other	Total
Cost of Sales	11.4	4.3	4.7	0.0	20.4
SG&A	3.0	4.0	4.9	0.9	12.8
Total	14.4	8.3	9.6	0.9	33.2

Continued execution of previously announced realignment

2009 Full Year – Projected Previously Announced Realignment Overview

($ millions)	Forecasted Restructuring				
	FPD	FCD	FSD	Other	Total
Cost of Sales	13.6	0.4	1.3	0.0	15.3
SG&A	0.2	0.2	0.1	0.0	0.5
Total	13.8	0.6	1.4	0.0	15.8

	Forecasted Non-Restructuring				
	FPD	FCD	FSD	Other	Total
Cost of Sales	3.0	5.8	3.8	0.0	12.6
SG&A	2.8	4.2	4.8	0.9	12.7
Total	5.8	10.0	8.6	0.9	25.3

	Forecasted Total Realignment				
	FPD	FCD	FSD	Other	Total
Cost of Sales	16.6	6.2	5.1	0.0	27.9
SG&A	3.0	4.4	4.9	0.9	13.2
Total	19.6	10.6	10.0	0.9	41.1

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

In Q4 2009, we plan to commence additional realignment initiatives, with additional 2009 charges of up to $30 million, not shown in the table above

Non-GAAP Reconciliation

Divisional Adjusted Operating Income

($ millions)	Q3 2009 FPD	Q3 2009 FCD	Q3 2009 FSD
Reported GAAP Operating Income	108.6	54.0	29.1
Realignment Charges	1.4	0.6	1.0
Adjusted Operating Income	110.0	54.6	30.1

($ millions)	Year-To-Date FPD	Year-To-Date FCD	Year-To-Date FSD
Reported GAAP Operating Income	326.0	148.4	78.3
Realignment Charges	14.4	8.3	9.6
Adjusted Operating Income	340.4	156.7	87.9

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)	Q3 2009 Operating Income	Q3 2009 Diluted EPS	Year-To-Date Operating Income	Year-To-Date Diluted EPS
Reported GAAP	161.2	$2.07	467.1	$5.63
Realignment Charges	3.6	$0.05	33.2	$0.43
Adjusted	164.8	$2.12	500.3	$6.06

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.