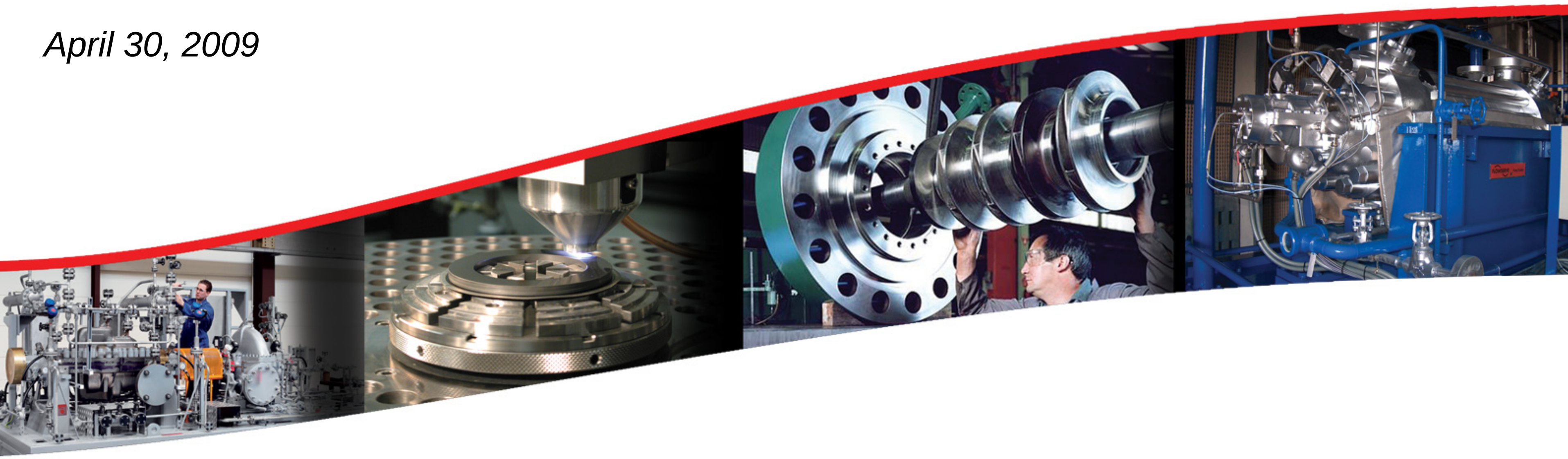
Flowserve Q1 2009 Earnings Conference Call

April 30, 2009



Lew Kling, President and Chief Executive Officer
Mark Blinn, SVP, Chief Financial Officer and Latin America Operations
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Paul Fehlman, Treasurer and VP Investor Relations

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; 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 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; 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; 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 2009 Highlights

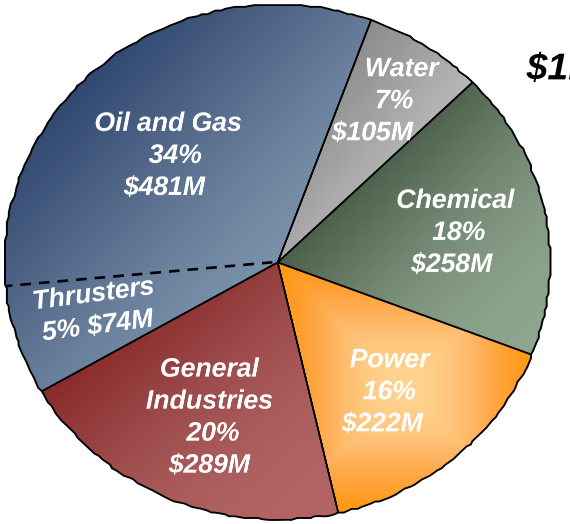
- Record first quarter EPS* of $1.64, up 7.9%
  - ✓ Including $9.9 million ($0.13*) of realignment charges
- Bookings of $968.2 million, down 32.3%, or 25.1% excluding 7.2% currency headwind
  - ✓ Compared to Q1 2008 largest booking quarter in FLS history of $1.43 billion
  - ✓ Q1 2008 included Thruster bookings of $74 million vs. $1 million in Q1 2009
  - ✓ Bookings were down 21% after adjusting for currency and Thruster orders
- Sales of $1.02 billion, up 3.2%, despite 10.1% currency headwind
- Operating margin increased of 240 basis points to 14.4% including
  - ✓ Realignment charges of $9.9 million (90 basis points)
- Strong gross margin improvement, up 110 basis points to 35.9% including
  - ✓ Realignment charges of $6.1 million (60 basis points)
- Continued SG&A reduction as a percentage of sales, down 140 basis points to 22.0% including
  - ✓ Realignment charges of $3.8 million (30 basis points)
- Other Income / (Expense) included $9.9 million of foreign currency expenses

**Calculated using Q1 2009 fully diluted shares of 56.3 million*

Reaffirming 2009 Full Year EPS Target Range of $6.75 to $7.50 Including Up To $0.50 of Realignment Charges

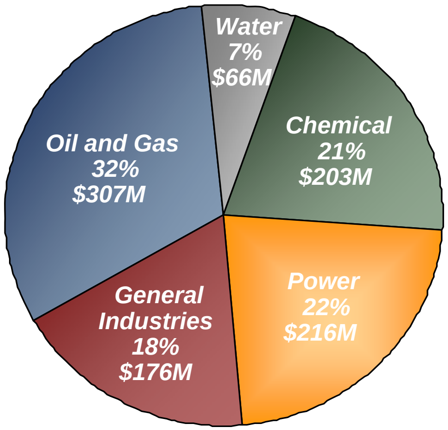
Flowserve Markets – Bookings

Q1 2008 Bookings by Industry



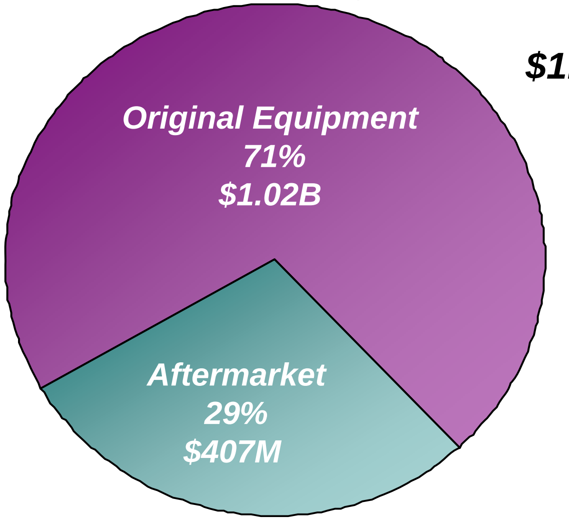
$1.43B

Q1 2009 Bookings by Industry



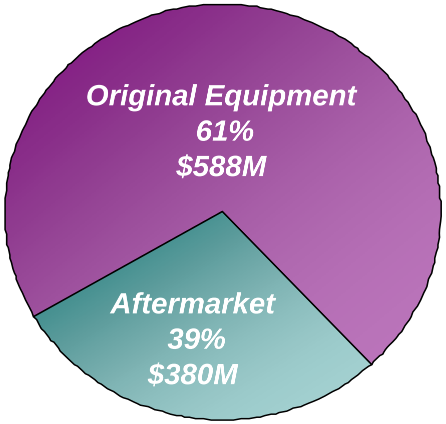
$968M

Q1 2008 Bookings Mix



$1.43B

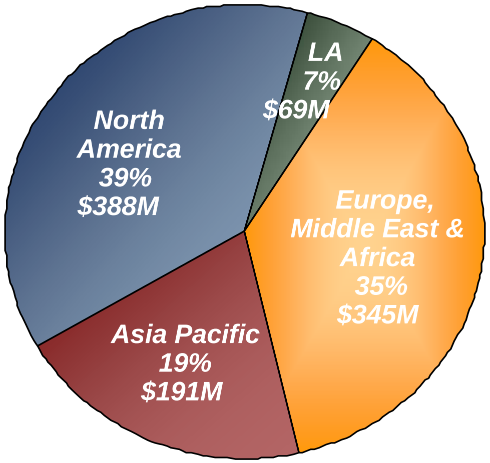
Q1 2009 Bookings Mix



$968M

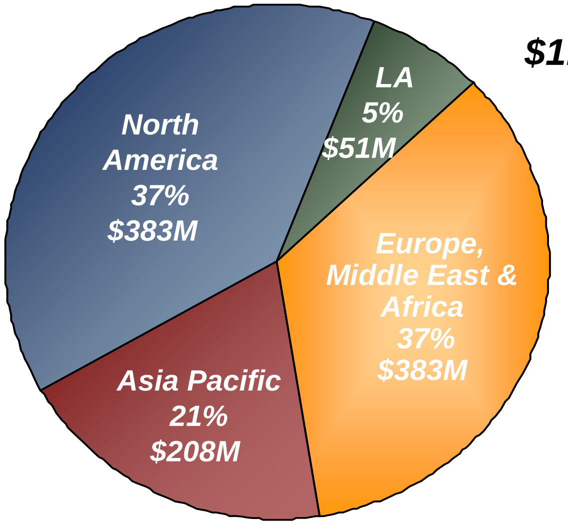
Flowserve Markets – Sales

Q1 2008 Sales by Region



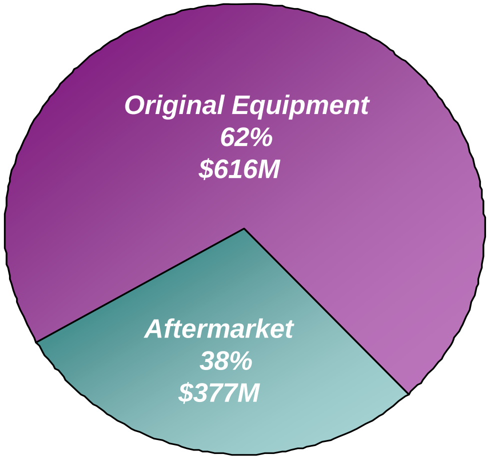
$993M

Q1 2009 Sales by Region



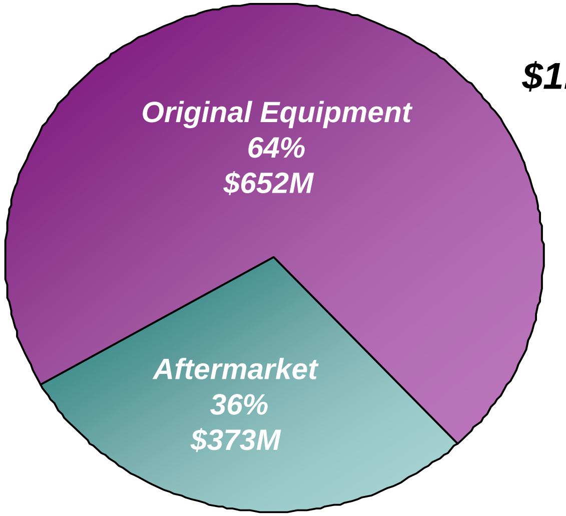
$1.02B

Q1 2008 Sales Mix



$993M

Q1 2009 Sales Mix



$1.02B

FLOWSERVE

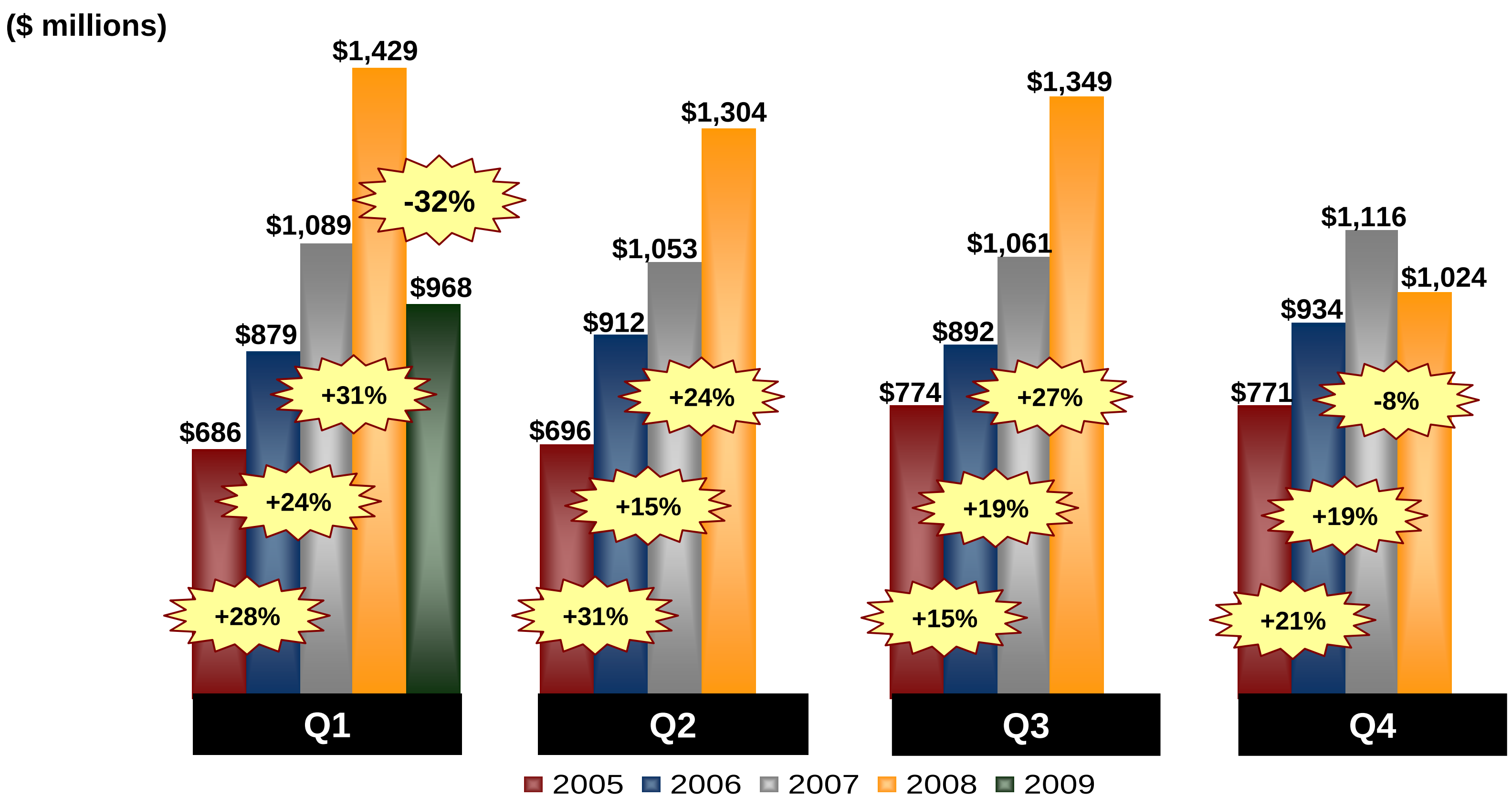
Q1 2009 – Consolidated Financial Results

($ millions)	1st Quarter			
	2008	2009	Delta (%)	Constant FX (%)***
Bookings	$ 1,429.3	$ 968.2	(32.3%)	(25.1%)
Sales	$ 993.3	$ 1,024.7	3.2%	13.3%
Gross Profit	$ 345.8	$ 367.8	6.4%	
Operating Income	$ 119.3	$ 147.1	23.3%	43.4%
Operating Margin (%)	12.0%	14.4%	240 bps	
Adjusted Operating Income**	$ 119.3	$ 157.0	31.6%	
Adjusted Operating Margin (%)**	12.0%	15.3%	330 bps	
Net Earnings	$ 88.1	$ 92.3	4.8%	
Diluted EPS*	$ 1.52	$ 1.64	7.9%	
Adjusted EPS**	$ 1.52	$ 1.77	16.4%	

- As of 3/31/09, 1.9 million shares (150,000 in Q1 2009) had been repurchased in conjunction with the company's previously announced $300 million buyback program
*** Adjusted operating income and adjusted EPS exclude Q1 2009 realignment charges of $9.9 million*
**** Constant FX represents the year over year variance assuming 2009 results at 2008 FX rates*

Strong Quarterly Sales, Operating Income and EPS

Quarterly Bookings Performance

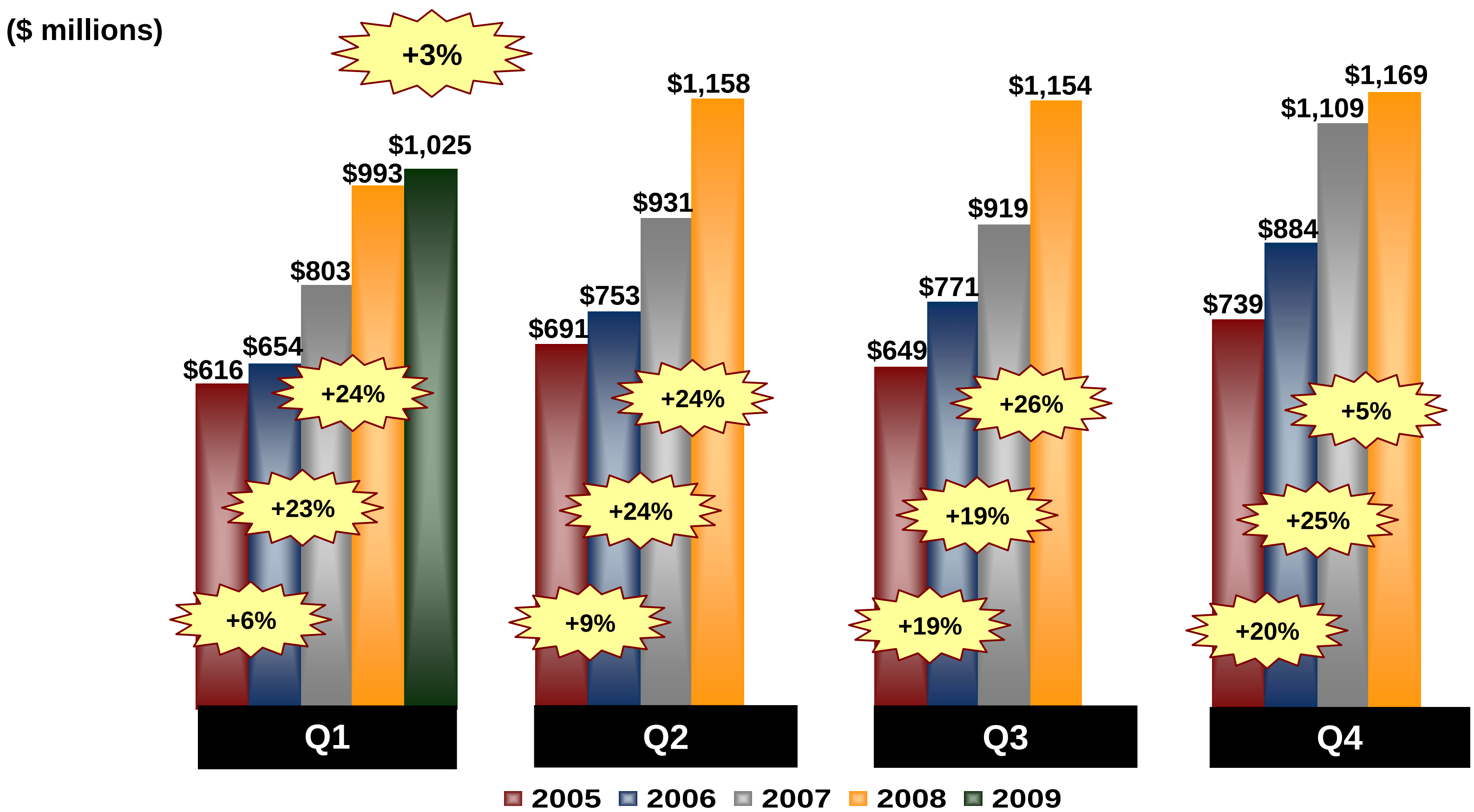


- Represents Q1 2009 gross bookings excluding cancellations of $14.8 million

- Q1 2009 bookings included negative currency impact of approximately $102 million compared to Q1 2008

Q1 2009 Bookings Tracking Close to $1 Billion

Quarterly Sales Performance



- Q1 2009 sales included negative currency impact of approximately $101 million compared to Q1 2008

Strong Sales Growth Over All Periods

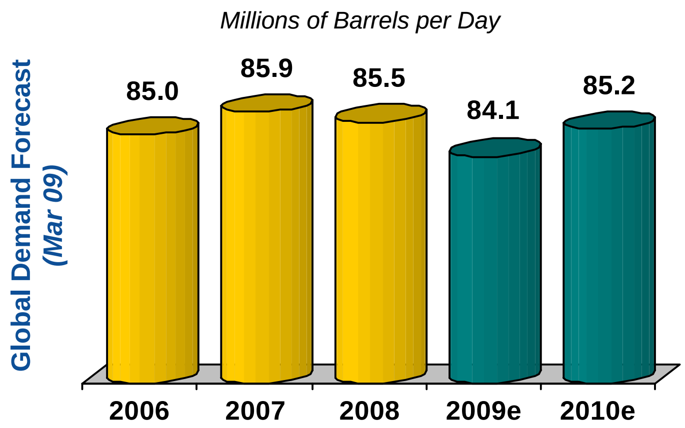
Market Outlook

What Drives Long Cycle Global Infrastructure Investments?

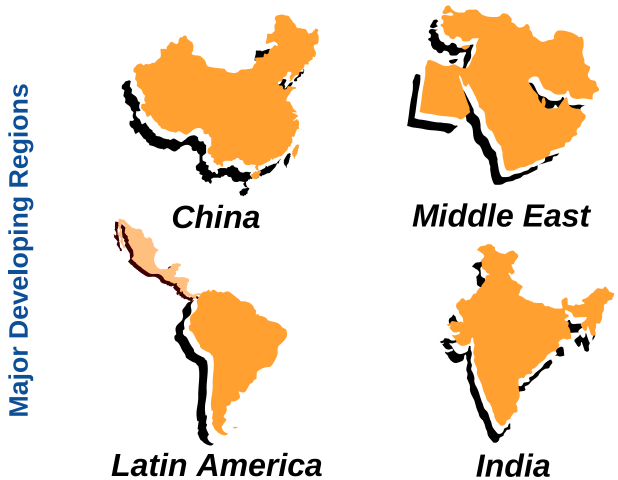
Driver		Factors	Investment
Historical Primary Driver	Profit	• Shareholder Value • Internal Rate of Return	Capital Investments
Increasing Drivers of Investments	Demographics	• Population Growth • Industrialization • Rural to Urban Move • Middle Class Rise	Growth Investments
	Aging Infrastructure	• Refurbishment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

Current stimulus programs occurring around the globe are examples of political and social investments to maintain a level of economic stability

Oil Industry



- Short term demand forecast has been revised showing a decline in 2009 with a recovery to growth in 2010
- The softening of demand has been driven by actual declines in mature markets and moderated growth in developing markets
- Major investment projects remain active and planned in the developing markets
- Aftermarket spending continues with a focus on optimizing operational performance – particularly in the mature markets



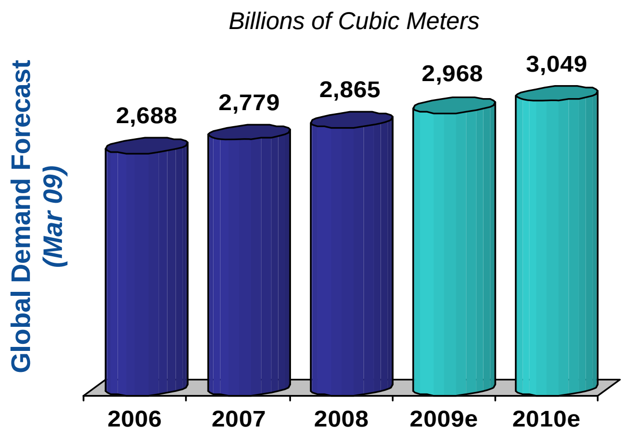
Flowserve's Developing Market Investments:

- Established and expanded manufacturing capabilities
- Expanded Quick Response Center capabilities
- Established strategic joint ventures to strengthen market access
- Strengthened key customer relationships to drive future growth
- Increased portfolio capabilities to meet demands of complex recovery applications and advancements in refining processes

Flowserve's opportunity is in leveraging our expanded presence and capabilities in the developing regions and our global aftermarket capabilities to grow our market share

Sources: *Energy Information Administration, International Energy Agency, Economist Intelligence Unit, Industrial Information Resources*

Gas Industry

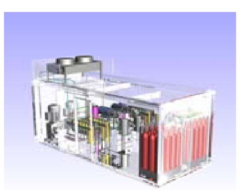


- Overall global demand growth for natural gas is forecasted to remain favorable
- Current global inventories are projected to keep downward pressure on gas prices which are down more than 30% since January
- Demand forecast is favorably impacted by projected increases in gas-fired electricity generation projects
  - *CAGR is forecasted at 4% from 2008-2013*
- Expansion investments for Liquefied Natural Gas [LNG] are projected to increase capacity by 30% over the next year

Growth Opportunities

Liquefied Natural Gas (LNG)

iKompressor
Compressed Natural Gas [CNG] Refueling



Flowserve Compression Systems Gmbh

Flowserve's Investments for Natural Gas:

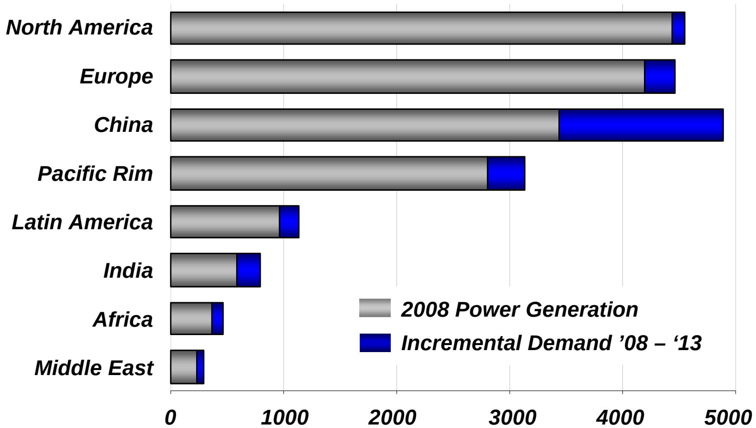
- Expanded our market presence in key production regions such as the Middle East – expanded manufacturing and service capabilities
- Strengthening of our offerings in cryogenic products to serve the LNG application needs
- Launched our joint venture with Linde to build and support compressed natural gas refueling stations in the European Union and future markets
- Expanded our global footprint of Quick Response Centers to ensure long term support of our customers' investments

Flowserve's opportunity is in leveraging our cryogenic product capabilities within LNG, expanding our investments for alternative fuels and utilizing our Aftermarket presence globally

Sources: *Energy Information Administration, International Energy Agency, Economist Intelligence Unit, Industrial Information Resources, Financial Times*

Power Industry

Electricity Demand Forecast – TWh (Mar 09)



- Electricity consumption is still forecasted to grow over the next five years
- China leads the growth with greater than 30% incremental demand increase
- Fossil fuel power generation is forecasted to be the leading method to meet this forecasted demand increase
- Nuclear power generation will become a more prominent source of electricity after this five year period due to construction timeframes

Solar

Geothermal

Wind

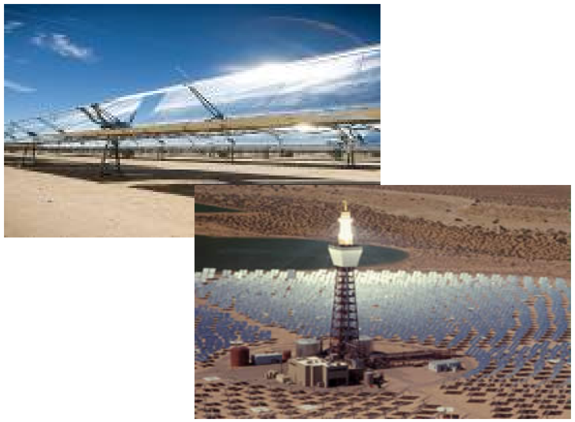
Investments in Renewable Power Continue:

- Solar – investments in producing generating units continue in multiple regions around the globe
- Wind – this form of power generation is projected to be the leading source of alternative energy
- Geothermal – investments in this methodology are still in the research and development stage with limited capacity actively on line to date

Flowserve's opportunity is in leveraging our leadership position in fossil fuel and nuclear power generation and our ongoing technological investments in renewable energy applications

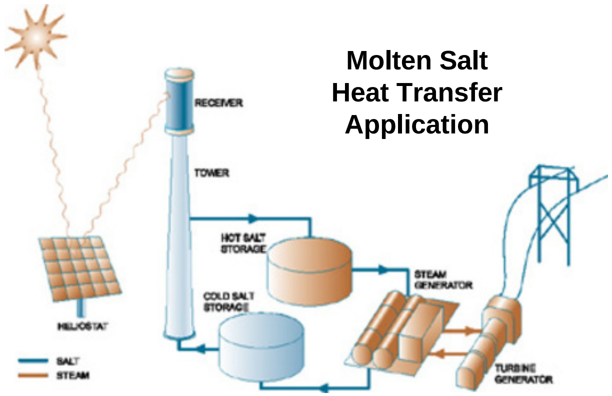
Sources: *Economist Intelligence Unit, Frost & Sullivan, International Energy Agency, Energy Information Administration, Industrial Information Resources*

Power Industry – Solar Power



- Global Solar investment projections of more than $40 billion over the next 15 years
- Spain, US, Mexico, Australia and South Africa have the most identified projects with 1000 MW of projects identified
- Morocco, Algeria and Israel have entered the market and are currently discussing possible projects.
- European Union discussing plans to invest 400 Billion Euros

Molten Salt Heat Transfer Application



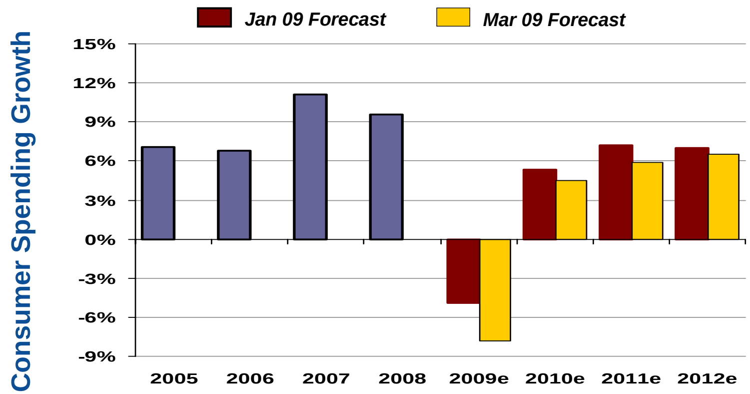
- This application technique uses the energy of the sun to heat a salt solution to a molten state
- Molten salt holds onto the heat allowing it to be transported to the steam generation unit for use in making steam
- The molten salt medium is very corrosive and abrasive requiring flow control products capable of sustainable performance

Flowserve's portfolio provides solutions for these severe environments as well as the pumps, valves and seals used in the power generating units

Flowserve's market leadership position in surface hardening techniques and long standing performance in corrosive & abrasive environments positions us well for the growth opportunities in this industry application

Sources: *International Energy Agency, Frost & Sullivan, Internal Research*

Chemical Industry



- Global GDP is projected to fall by (2.6%) in 2009 with a rebound to 1.1% growth in 2010 *(EIU Report March 09)*
- World Trade is forecasted to fall by (5.2%) in 2009 with a rebound to 1.7% growth in 2010 *(EIU Report March 09)*
- The health of the chemical industry is impacted by factors such as GDP and World Trade which reflect consumer behavior
- US consumer spending forecasts have been revised since January but still showing a rebound in 2010

CHALLENGES

- Chemical Industry prepares for long period of slow demand *(04/03/09)*
- North American Chemical project cancellations for second quarter nearly doubled from one year ago *(04/23/09)*
- Mitsubishi Chemical to exit polystyrene and polyvinyl chloride businesses *(04/21/09)*
- SABIC posts 95% plunge in profits in 4Q08, expects higher earnings in 1Q09 *(04/06/09)*
- Merck's first quarter profit falls 57% *(04/23/09)*
- Capital spending for producers of Industrial Gases slows in 2009 *(03/12/09)*

OPPORTUNITIES

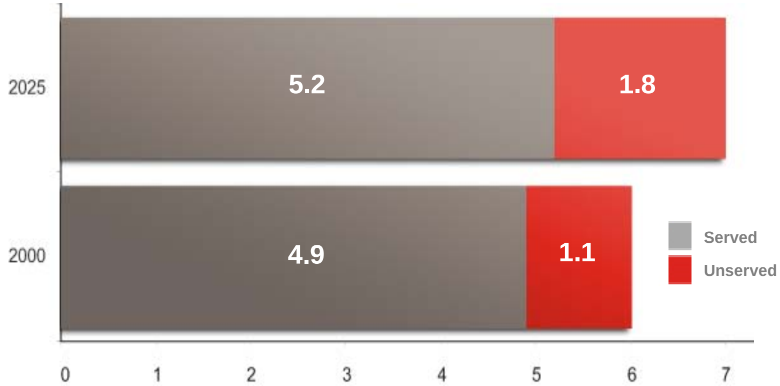
- CNOOC *(China National Offshore Oil Company)* invests $735 Million in chemicals projects *(03/31/09)*
- Petrobras plans to award all contracts in 2009 for $8.4 Billion Rio de Janeiro Petrochemical Industrial Project *(03/20/09)*
- New chemicals and plastics plants to be set up in Qatar and Saudi Arabia *(03/26/09)*
- Japan to invest $8 Billion on petrochemical projects in Venezuela *(04/23/09)*
- India's ONGC *(Oil and Natural Gas Company)* seeks funding of $4-5 Billion for greenfield projects and expansions *(04/23/09)*
- Growth in planned maintenance spending in the second quarter for the Chemical Industry *(03/27/09)*

The Chemical Industry is facing difficulties due to the global economic conditions; however, investments continue in the developing regions and aftermarket opportunities persist

Sources: *Economist Intelligence Unit (EIU), Industrial Information Resources, Financial Times, Wall Street Journal*

Water Industry

Global Population Access to Usable Water (Billions)



- There is a finite amount of usable water and it is not located where it is needed
- Inaccessibility will require transportation of large volumes of water from source locations to the areas where it is needed
- Lack of usable water available for transportation will increase the need for desalination and other reverse osmosis applications

Sea Water Reverse Osmosis Plant

- World-wide desalination capacity is projected to more than double by 2016
- Spending on desalination is estimated at $64 billion over this same period
- Approximately 37 million m^3/day of desalination capacity is either under construction or planned over this period
- The majority of this new capacity will utilize the reverse osmosis process techniques

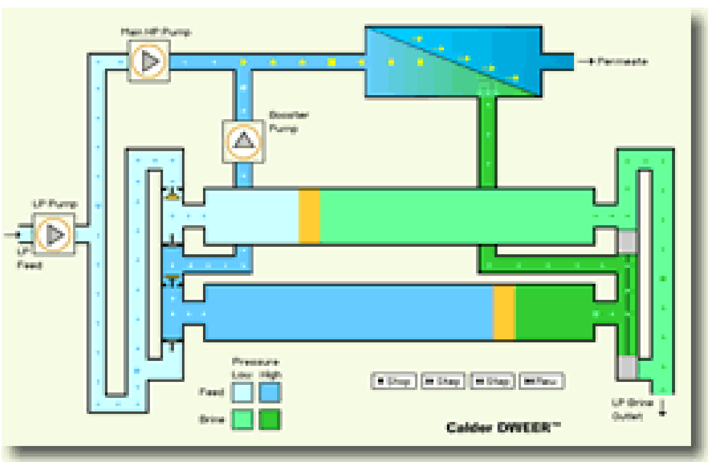
Flowserve's opportunity in large water movement utilizes our volute pump capabilities and we have expanded our capabilities to meet the needs for desalination

Sources: *Global Water Intelligence, Economist Intelligence Unit, www.Desalination.biz*

Water Industry - Desalination

Flowserve Acquires CALDER AG, a Leading Supplier of Critical Proprietary Technology and Equipment to the Growing Global Desalination Market

April 21, 2009



- Advanced energy recovery application solution which significantly reduces the cost required to produce one cubic meter of potable water
- Combined with Flowserve's capabilities in pumping technology provides a uniquely powerful integrated system solution for the desalination market
- Capacity expansion plans in reverse osmosis plants currently exceeds 20 million m³/day globally

With the acquisition of Calder AG, Flowserve is now positioned to provide desalination clients with an integrated solution which significantly improves operational efficiency

FLOWSERVE

Flowserve's Key Differentiators

Customer-Centric Culture

On-Time Delivery, Product Quality, Reliability, Local Service

End User Strategy

- Power of the Product and Solutions Portfolio
- LifeCycle Advantage
- Consultative Sales Process
- Local Aftermarket Expertise

Strategic Acquisitions

Technology Leadership

- Technology Council
- Shared Engineering Capability
- Technical and Application Expertise
- Company and Customer Funded R & D

Strategic Acquisitions

Globalization

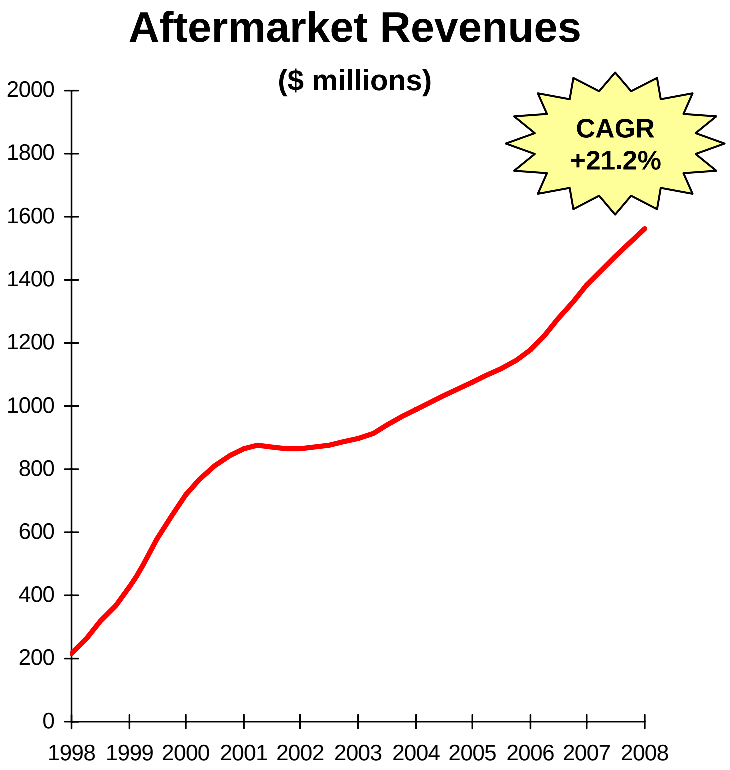
- Global Quick Response Center (QRC) Network
- Shared Engineering Processes
- Strategic Sourcing
- Project Management Expertise

Strategic Acquisitions

Strong Balance Sheet

By achieving outstanding performance in these key areas, we believe we can increase our competitiveness in the global market during all phases of the business cycle

Investment for Continued Global Aftermarket Growth



FACTORS EFFECTING SUSTAINABLE AFTERMARKET:

1) Keeping Fuel "Available", Electricity "On" & Water "Flowing"
2) Leveraging Large Flowserve Installed Base Worldwide
3) Locating Quick Response Centers (QRC) Near Customers
4) Establishing Long Term Customer Support Agreements

ADDITIONAL OPPORTUNITIES:

1) Owners Outsourcing Service to Variablize Fixed Costs
2) Servicing Competitors' Products
3) Displacing Replicators or "Pump Pirates"
4) Optimizing, Upgrading and Modernizing Systems
5) Increasing Fixed Fee and Alliance Agreements

- Aftermarket revenues from continuing operations (excluding GSG revenues December 1998 – 2005)

Global Aftermarket Continues to Provide Opportunities for Growth and Sustainable Revenues through All Phases of the Business Cycle

FLOWSERVE

Financial Update

Q1 2009 Key Financial Highlights

- Bookings
  - ✓ Bookings were down 21% after adjusting for currency and Thruster orders of $74 million in Q1 2008
  - ✓ 0.95 book to bill ratio
  - ✓ Strong backlog of $2.67 billion, down from $2.83 billion at year end including $79 million negative currency impact
- Aftermarket
  - ✓ Continued strong aftermarket, with increases in Asia Pacific, Latin America and power offsetting exposure in chemical markets and North America oil and gas
  - ✓ AM bookings shifted to approximately 39% of total bookings versus approximately 29% in Q1 2008
  - ✓ During the quarter we saw headwinds from uncertainty and fewer commissioning (or start-up) spares, with bookings beginning to strengthen in March, when compared to the first two months of the year

Q1 2009 Key Financial Highlights

- Operating Margin Expanded by 240 basis points to 14.4%, or 330 basis points to 15.3% excluding realignment charges
  - ✓ Strong gross margin improvement of 110 basis points to 35.9% driven by operational excellence, higher end product sales and volume leverage
    - ✓ $6.1 million of realignment charges (60 basis points); no notable benefit from realignment in Q1
    - ✓ 200 basis point mix shift from approximately 62% to approximately 64% in OE sales
  - ✓ Continued SG&A reduction as a percentage of sales, down 140 basis points to 22.0% driven by cost containment, operational excellence and volume leverage
    - ✓ Including $3.8 million of realignment charges (30 basis points)
    - ✓ Improvement in corporate expense of 50 basis points to 2.3% of sales
- Q1 is historically a net cash flow use quarter
  - ✓ Payment of $115 million in broad based employee incentives
  - ✓ Growth in working capital during Q1 2009 of $221 million due to higher sales levels, growth in WIP inventory and reduction in accounts payable and accrued liabilities

Strong Operating Platform

($ millions)	2005	2006	2007	2008	Q1 2009
Sales	2,695.3	3,061.1	3,762.7	4,473.5	
Ending Backlog	994.1	1,630.0	2,276.6	2,825.1	2,671.6
Adjusted SG&A % / Sales	25.3%	25.1%	22.8%	22.0%	21.6%
Corporate Expense % / Sales	4.6%	4.6%	3.5%	2.7%	2.3%
Adjusted Operating Margin (%)	7.5%	8.2%	10.9%	13.7%	15.3%
Adjusted Operating Income	201.2	252.5	409.9	613.9	
Tax Rate	43.6%	38.8%	28.8%	24.9%	27.9%
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

- Adjusted SG&A and operating income excludes realignment charges of $2.4 million in 2005, $12.9 million in 2006, $1.0 million in 2008 and $3.8 million and $9.9 million, respectively in Q1 2009

Well Positioned for 2009 and Beyond

Q1 2009 – Consolidated Financial Results

($ millions)	1st Quarter 2008	2009	Delta ($)	Delta (%)	Constant FX (%)***
Bookings	$ 1,429.3	$ 968.2	$ (461.1)	(32.3%)	(25.1%)
Sales	$ 993.3	$ 1,024.7	$ 31.4	3.2%	13.3%
Gross Profit	$ 345.8	$ 367.8	$ 22.0	6.4%	
Gross Margin (%)	34.8%	35.9%		110 bps	
SG&A	$ 232.5	$ 225.3	$ (7.2)	(3.1%)	4.6%
SG&A (%)	23.4%	22.0%		140 bps	
Operating Income	$ 119.3	$ 147.1	$ 27.8	23.3%	43.4%
Operating Margin (%)	12.0%	14.4%		240 bps	
Adjusted Operating Income**	$ 119.3	$ 157.0	$ 37.7	31.6%	
Adjusted Operating Margin (%)**	12.0%	15.3%		330 bps	
Other Income / (Expense), net	$ 16.5	$ (9.3)	$ (25.8)	(156.4%)	
Net Earnings	$ 88.1	$ 92.3	$ 4.2	4.8%	
Diluted EPS*	$ 1.52	$ 1.64	$ 0.12	7.9%	
Adjusted EPS**	$ 1.52	$ 1.77	$ 0.25	16.4%	

- As of 3/31/09, 1.9 million shares (150,000 in Q1 2009) had been repurchased in conjunction with the company's previously announced $300 million buyback program

*** Adjusted operating income and adjusted EPS exclude Q1 2009 realignment charges of $9.9 million*

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

Strong Earnings Performance

Flowserve Pump Division – Q1 2009 Segment Results

($ millions)	1st Quarter				
	2008	2009	Delta ($)	Delta (%)	Constant FX (%)**
Bookings	$ 890.2	$ 550.3	$ (339.9)	(38.2%)	(31.7%)
Sales	$ 561.1	$ 599.6	$ 38.5	6.9%	16.3%
Gross Profit	$ 174.6	$ 198.7	$ 24.1	13.8%	
Gross Margin (%)	31.1%	33.1%		200 bps	
SG&A	$ 96.4	$ 95.7	$ (0.7)	(0.7%)	7.6%
SG&A (%)	17.2%	16.0%		120 bps	
Income from Affiliates	$ 0.4	$ 0.6	$ 0.2	50.0%	
Operating Income	$ 78.5	$ 103.6	$ 25.1	32.0%	49.8%
Operating Margin (%)	14.0%	17.3%		330 bps	
Adjusted Operating Income*	$ 78.5	$ 107.0	$ 28.5	36.3%	
Adjusted Operating Margin (%)*	14.0%	17.8%		380 bps	

** Adjusted operating income excludes Q1 2009 realignment charges of $3.4 million*

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

Strong Sales Growth and Continued Operating Margin Improvement

Flowserve Pump Division – Q1 2009 Segment Results

		1st Quarter			
		2008	2009	Delta ($)	Delta (%)
Bookings Mix	OE*	622	310	(312)	(51%)
		70%	56%		
	AM	268	240	(28)	(13%)
		30%	44%		
Sales Mix	OE	321	366	45	14%
		57%	61%		
	AM	240	234	(6)	(3%)
		43%	39%		

** Q1 2008 bookings included Thruster bookings of $74 million vs. $1 million in Q1 2009*

Significant Shift to Aftermarket Bookings

Flow Control Division – Q1 2009 Segment Results

($ millions)	1st Quarter 2008	2009	Delta ($)	Delta (%)	Constant FX (%)**
Bookings	$ 389.8	$ 302.8	$ (87.0)	(22.3%)	(14.1%)
Sales	$ 300.3	$ 297.2	$ (3.1)	(1.0%)	10.3%
Gross Profit	$ 106.2	$ 107.2	$ 1.0	0.9%	
Gross Margin (%)	35.4%	36.1%		70 bps	
SG&A	$ 66.9	$ 62.4	$ (4.5)	(6.7%)	3.7%
SG&A (%)	22.3%	21.0%		130 bps	
Income from Affiliates	$ 3.8	$ 2.8	$ (1.0)	(26.3%)	
Operating Income	$ 43.1	$ 47.6	$ 4.5	10.4%	26.7%
Operating Margin (%)	14.4%	16.0%		160 bps	
Adjusted Operating Income*	$ 43.1	$ 48.1	$ 5.0	11.6%	
Adjusted Operating Margin (%)*	14.4%	16.2%		180 bps	

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

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

Continued SG&A Leverage and Strong Operating Margin

Flow Solutions Division – Q1 2009 Segment Results

($ millions)	1st Quarter				
	2008	2009	Delta ($)	Delta (%)	Constant FX (%)**
Bookings	$ 171.3	$ 133.2	$ (38.1)	(22.2%)	(15.2%)
Sales	$ 150.6	$ 143.7	$ (6.9)	(4.6%)	4.7%
Gross Profit	$ 66.0	$ 62.3	$ (3.7)	(5.6%)	
Gross Margin (%)	43.8%	43.4%		(40 bps)	
SG&A	$ 40.9	$ 43.0	$ 2.1	5.1%	12.5%
SG&A (%)	27.1%	29.9%		(280 bps)	
Income from Affiliates	$ 1.9	$ 1.3	$ (0.6)	(31.6%)	
Operating Income	$ 26.9	$ 20.7	$ (6.2)	(23.0%)	(11.9%)
Operating Margin (%)	17.9%	14.4%		(350 bps)	
Adjusted Operating Income*	$ 26.9	$ 26.5	$ (0.4)	(1.5%)	
Adjusted Operating Margin (%)*	17.9%	18.4%		50 bps	

** Adjusted operating income excludes Q1 2009 realignment charges of $5.8 million*

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

Focused Cost Reduction Efforts

Q1 2009 – Realignment Overview

($ millions)	Restructuring				
	FPD	FCD	FSD	Other	Total
Cost of Sales	1.8	0.0	0.0	0.0	1.8
SG&A	0.2	0.0	0.0	0.0	0.2
Total	2.0	0.0	0.0	0.0	2.0

	Non-Restructuring				
	FPD	FCD	FSD	Other	Total
Cost of Sales	1.0	0.2	3.1	0.0	4.3
SG&A	0.4	0.3	2.7	0.2	3.6
Total	1.4	0.5	5.8	0.2	7.9

	Total Realignment				
	FPD	FCD	FSD	Other	Total
Cost of Sales	2.8	0.2	3.1	0.0	6.1
SG&A	0.6	0.3	2.7	0.2	3.8
Total	3.4	0.5	5.8	0.2	9.9

Executed First Steps of Realignment

2009 Full Year – Projected Realignment Overview

($ millions)	Restructuring				
	FPD	FCD	FSD	Other	Total
Cost of Sales	10.4	0.0	0.0	0.0	10.4
SG&A	0.2	0.0	0.0	0.0	0.2
Total	10.6	0.0	0.0	0.0	10.6

	Non-Restructuring				
	FPD	FCD	FSD	Other	Total
Cost of Sales	3.7	7.6	3.2	0.0	14.5
SG&A	5.9	2.3	3.0	0.2	11.4
Total	9.6	9.9	6.2	0.2	25.9

	Total Realignment				
	FPD	FCD	FSD	Other	Total
Cost of Sales	14.1	7.6	3.2	0.0	24.9
SG&A	6.1	2.3	3.0	0.2	11.6
Total	20.2	9.9	6.2	0.2	36.5

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

Represents Forecasted Amounts for Specifically Targeted Areas Through End of 1st Quarter

Primary Working Capital

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

($ millions)	Q1 2008		12/31/2008		Q1 2009	
	$	%	$	%	$	%
Receivables	788	19.9%	809	18.1%	828	18.4%
Inventory	854	21.6%	835	18.7%	884	19.6%
Payables	(478)	(12.1%)	(598)	(13.4%)	(445)	(9.9%)
Primary Working Capital	**1,164**	**29.4%**	**1,046**	**23.4%**	**1,267**	**28.1%**
Advance Cash*	(297)	(7.5%)	(429)	(9.6%)	(408)	(9.1%)
Total	**867**	**21.9%**	**617**	**13.8%**	**859**	**19.0%**
Backlog	**2,892**		**2,825**		**2,672**	

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

Improved Working Capital Efficiency

Q1 2009 Cash Flows

($ millions)	Q1	
	2008	2009
Net Income	88	92
Depreciation and Amortization	21	21
Change in Working Capital	(272)	(332)
Other	(9)	39
Total Operating Activities	**(172)**	**(180)**
Capital expenditures	(14)	(44)
Total Investing Activities	**(14)**	**(44)**
Net payments under lines of credit	-	(2)
Dividends	(9)	(14)
Proceeds of debt or other	8	(1)
Repurchase of common shares	-	(7)
Proceeds from stock option activity	8	-
Total Financing Activities	**7**	**(24)**
Effect of exchange rates	**5**	**(23)**
Net (Decrease) in Cash	**(174)**	**(271)**

Strong Q1 2009 Balance Sheet

($ millions) *As of 3/31/09*	Facility Size	Drawn Amount	LC's Written	Available	Maturity Date	Highlights
Term Debt	$ 548	$ 548	$ -	$ -	Aug 2012	Interest Rate LIBOR + 150 bps
Revolver	$ 400	$ -	$ 98	$ 302	Aug 2012	Interest Rate LIBOR + 87.5 bps Bank of America - Lead Bank
Cash				$ 202		
European LC Facility	€ 110	€ -	€ 94	€ 16	Sept 2009	Renewed and Expanded Sept 2008
Approximate $ Available from All Sources				**$ 525**	Calculation to $US spot rate of 1.33 per EUR	

Limited Interest Rate Risk

- *Hedges in place for 70% of term debt LIBOR exposure*

Strong Balance Sheet Provides Financial Flexibility

Full Year 2009 Key Projected Uses of Cash

- Capital Expenditures
  - ✓ Q1 2009 Capital Expenditures reported of $44 million
  - ✓ Estimate Capital Expenditures reported to be around $100 million in 2009
- Dividends
  - ✓ Increased quarterly dividend 8% from $0.25 to $0.27 per share in Q1 2009
- Share Repurchase
  - ✓ Repurchased 150,000 shares for $7.1 million in Q1 2009
  - ✓ $128 million remaining under authorized $300 million share repurchase program
- Pension Fund Contribution
  - ✓ Estimate U.S. pension fund contributions between $55 million and $75 million, with $25 million contributed in April
- Realignment Costs
  - ✓ Q1 2009 realignment charges of $9.9 million
  - ✓ Announced realignment charges of up to $40 million in 2009
- Strategic Acquisition Opportunities
  - ✓ Calder AG purchase announced April 21

FY 2009 Outlook

Looking Forward

- Reaffirming 2009 Full Year EPS Target Range of $6.75 to $7.50
  - ✓ Includes full effect of up to $40 million, or approximately $0.50 / share in realignment costs
- Company Positioned Well to Capture Aftermarket Business
  - ✓ Leveraging strong installed base, alliances, and end-user strategy
- Continued Solid Backlog Provides a Strong Base for Sales
- Growth Initiatives to Capture New Markets
  - ✓ Integrated Services Group
  - ✓ Calder desalination opportunity
  - ✓ New Brazilian operation
  - ✓ Middle East joint ventures and QRCs
- Balance Sheet and Forecasted Cash Flow Provide Strength and Opportunity
  - ✓ Flexibility to provide shareholder returns, maintain liquidity, and respond to opportunities
- Realignment Actions Should Create More Efficient Operating Platform
- Continued Focus on SG&A Costs to a goal of 20%

Company Continues To Be Well Positioned

Questions and Answers

FLOWSERVE

Appendix

Non-GAAP Reconciliation

Q1 2009 Divisional Adjusted Operating Income

($ millions)	FPD	FCD	FSD
Reported GAAP Operating Income	103.6	47.6	20.7
Realignment Charges	3.4	0.5	5.8
Adjusted Operating Income	107.0	48.1	26.5

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.

Q1 2009 Consolidated Adjusted Operating Income and EPS

($ millions)	Operating Income	Diluted EPS
Reported GAAP Income	147.1	$1.64
Realignment Charges	9.9	$0.13
Adjusted Income	157.0	$1.77

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.