

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

JERRY RYAN, On Behalf of Himself and All Others §
Similarly Situated, §

Plaintiff, §

vs. §

FLOWSERVE CORPORATION, et al., §
Defendants. §

Civil Action No. 3:03-CV-01769-B
(Consolidated with 3:03-CV-01827-M;
3:03-CV-01846-M; 3:03-CV-02079-M)

ECF

NOTICE OF PENDENCY AND PROPOSED SETTLEMENT OF CLASS ACTION

IF YOU PURCHASED THE PUBLICLY TRADED EQUITY SECURITIES OF FLOWSERVE CORPORATION ("FLOWSERVE") ON OR BETWEEN FEBRUARY 6, 2001 AND SEPTEMBER 27, 2002, INCLUSIVE, INCLUDING THE PURCHASE OF FLOWSERVE COMMON STOCK PURSUANT TO FLOWSERVE'S NOVEMBER 16, 2001 OR APRIL 16, 2002 PUBLIC OFFERINGS, YOU COULD RECEIVE A PAYMENT FROM A CLASS ACTION SETTLEMENT.

A federal court authorized this Notice. This is not a solicitation from a lawyer.

Securities and Time Period: Flowserve common stock (CUSIP No. 34354P105), call options or put options purchased on or between February 6, 2001 and September 27, 2002, inclusive, including Flowserve common stock purchased pursuant to Flowserve's November 16, 2001 or April 16, 2002 public offerings ("Settlement Class Period").

Settlement Fund: \$55,000,000 in cash. Your recovery will depend on the number of shares of Flowserve securities purchased on or between February 6, 2001 and September 27, 2002, whether you purchased in one of the public offerings or at some other time during the Settlement Class Period, and the timing of your purchases and any sales. If claims are submitted for 100% of the eligible shares of Flowserve common stock, the estimated average recovery per share of common stock will be approximately \$1.00 before deduction of Court-approved fees and expenses. The recovery for options cannot be accurately estimated.

Settlement Class: The Court has certified for purposes of this settlement a Settlement Class of all Persons who (1) purchased the publicly traded equity securities of Flowserve on or between February 6, 2001 and September 27, 2002, inclusive; or (2) purchased Flowserve common stock issued pursuant to Flowserve's November 16, 2001 or April 16, 2002 public offerings. Excluded from the Settlement Class are Defendants, members of the immediate families of the Individual Defendants, any entity in which a Defendant has a controlling interest and the legal representatives, heirs, successors-in-interest or assigns of any such excluded party. Also excluded from the Settlement Class are those Persons who timely and validly request exclusion from the Settlement Class pursuant to this Notice.

Reasons for Settlement: Avoids the costs and risks associated with continued litigation, including the danger of no recovery, and provides a benefit to the Settlement Class.

If the Case Had Not Settled: The settlement must be compared to the risk of no recovery. The Court granted summary judgment against the Plaintiffs in 2007. In 2009, the Fifth Circuit reversed part of the Court's ruling and remanded the case for further proceedings. However, continuing to trial is a risky proposition and Plaintiffs might not have prevailed. The claims in this case involve numerous complex legal and factual issues that would require extensive and costly expert testimony. Among the many key issues about which the two sides do not agree are: (1) whether any of the Defendants violated the securities laws or otherwise engaged in any wrongdoing; (2) whether the facts alleged by the Plaintiffs existed and whether public disclosures were material, false, misleading or otherwise actionable under the securities laws; (3) the extent (if any) that various facts alleged by the Plaintiffs influenced the trading prices of Flowserve securities during the relevant period; (4) the method for determining whether Flowserve securities were artificially inflated during the relevant period; (5) the amount (if any) of such inflation that was caused by disclosures that Plaintiffs had challenged; and (6) the amount of damages (if any) that could be recovered at trial.

Attorneys' Fees and Expenses: Plaintiffs' counsel have not received any payment for their work investigating the facts, conducting this litigation, pursuing an appeal that resulted in the case being returned for further findings, and negotiating the settlement on behalf of the Plaintiffs and the Settlement Class. Plaintiffs' counsel will ask the Court for attorneys' fees of up to 25% of the Settlement Fund and expenses not to exceed \$7,810,000 to be paid from the Settlement Fund. If the above amounts are approved by the Court, the average cost per share of common stock will be approximately \$0.392, making the estimated recovery per share after fees and expenses \$0.608.

Deadlines:

Submit Claim: June 8, 2010
Request Exclusion: April 23, 2010
File Objection: April 23, 2010

Court Hearing on Fairness of Settlement: May 11, 2010

More Information: www.gilardi.com

Claims Administrator:
Flowserve Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 808003
Petaluma, CA 94975-8003

Lead Counsel:
Rick Nelson
Shareholder Relations
Coughlin Stoia Geller
Rudman & Robbins LLP
655 West Broadway, Suite 1900
San Diego, CA 92101

- Your legal rights are affected whether you act or do not act. Read this Notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

SUBMIT A CLAIM	The only way to receive a payment.
OBJECT	You may write to the Court if you do not like this settlement.
GO TO A HEARING	You may ask to speak in Court about the fairness of the settlement.
DO NOTHING	Receive no payment.
EXCLUDE YOURSELF	Receive no payment. This is the only option that allows you to pursue another lawsuit against the Defendants relating to the claims being released in this case.

- These rights and options — **and the deadlines to exercise them** — are explained in this Notice.
- The Court in charge of this case must decide whether to approve the settlement. Payments will be made if the Court approves the settlement and, if there are any appeals, after appeals are resolved. Please be patient.

BASIC INFORMATION

1. Why Did I Receive This Notice Package?

You or someone in your family may have purchased Flowserve securities on or between February 6, 2001 and September 27, 2002, inclusive.

The Court sent you this Notice because you have a right to know about a proposed settlement of a class action lawsuit, and about all of your options, before the Court decides whether to approve the settlement. If the Court approves it and after any objections or appeals are resolved, the Claims Administrator appointed by the Court will make the payments that the settlement allows.

This package explains the lawsuit, the settlement, your legal rights, what benefits are available, who is eligible for them, and how to get them.

The Court in charge of the case is the United States District Court for the Northern District of Texas, Dallas Division, and the case is known as *Ryan v. Flowserve Corporation, et al.*, Civil Action No. 3:03-CV-01769-B. The pension funds that sued are called the Plaintiffs, and the company and the individuals they sued, Flowserve Corporation, C. Scott Greer, Renee J. Hornbaker, PricewaterhouseCoopers LLP, Banc of America Securities LLC, and Credit Suisse First Boston LLC, are called the Defendants.

2. What Is This Lawsuit About?

This case was brought as a class action by Plaintiffs alleging that Defendants made false and misleading statements and omissions on or between February 6, 2001 and September 27, 2002, about Flowserve's financial results, compliance with debt covenants, integrations of acquired companies, and earnings projections. Plaintiffs allege that the allegedly false statements and omissions resulted in the artificial inflation of the prices of Flowserve securities on or between February 6, 2001 and September 27, 2002. Defendants have denied and continue to deny that they did anything wrong, that Flowserve's stock price was artificially inflated, and that Plaintiffs or other members of the Settlement Class suffered any recoverable losses.

3. Why Is This a Class Action?

In a class action, one or more people called class representatives (in this case the Court-appointed Lead Plaintiff, Alaska Electrical Pension Fund, and the Representative Plaintiff, Massachusetts State Carpenters Pension Fund) sue on behalf of people who have similar claims. Here, all these people are called a Settlement Class or Settlement Class Members. One court resolves the issues for all Settlement Class Members, except for those who timely and validly exclude themselves from the Settlement Class. Judge Jane J. Boyle is in charge of this class action.

4. Why Is There a Settlement?

The Court did not decide in favor of Plaintiffs or Defendants. Instead, both sides agreed to a settlement. That way, they avoid the cost and uncertainty of further litigation and a trial, and eligible Settlement Class Members who submit valid claims will receive payment. The Plaintiffs and their attorneys think the settlement is best for all Settlement Class Members.

WHO IS IN THE SETTLEMENT

To see if you will receive money from this settlement, you first have to determine if you are a Settlement Class Member.

5. How Do I Know if I Am Part of the Settlement?

The Settlement Class includes all Persons who (1) purchased the publicly traded equity securities of Flowserve on or between February 6, 2001 and September 27, 2002, inclusive; or (2) purchased Flowserve common stock issued pursuant to Flowserve's November 16, 2001 or April 16, 2002 public offerings.

6. What Are the Exceptions to Being Included?

You are not a Settlement Class Member if you are a Defendant, a member of a Defendant's immediate family, are an entity in which a Defendant has a controlling interest, or the legal representative, heir, successor-in-interest or assign of an excluded party. You are also not a Settlement Class Member if you timely and validly request exclusion from the Settlement Class pursuant to this Notice.

If you sold Flowserve securities on or between February 6, 2001 and September 27, 2002, inclusive, that alone does not make you a Settlement Class Member. You are a Settlement Class Member only if you purchased Flowserve publicly traded equity securities on or between February 6, 2001 and September 27, 2002, inclusive.

7. I'm Still Not Sure if I Am Included.

If you are still not sure whether you are included, you can ask for free help. You can call Rick Nelson of Coughlin Stoia Geller Rudman & Robbins LLP at 619/231-1058 for more information. Or you can fill out and return the claim form described in question 10, to see if you qualify.

THE SETTLEMENT BENEFITS — WHAT YOU GET

8. What Does the Settlement Provide?

Defendants have agreed to pay \$55 million in cash. The balance of this fund after payment of Court-approved attorneys' fees and expenses and the costs of claims administration, including the costs of printing and mailing this Notice and the cost of publishing newspaper notice (the "Net Settlement Fund") will be divided among all eligible Settlement Class Members who send in valid claim forms.

9. How Much Will My Payment Be?

Your share of the Net Settlement Fund will depend on the number of valid claim forms that Settlement Class Members send in and the number of shares of Flowserve securities you purchased during the relevant period and when you bought and sold them. A claim will be calculated as follows:

Common Stock

The allocation below is based on the following price declines as well as the amount of \$12.40, which has been derived from a formula provided for in the federal securities laws:

July 23, 2002 Price Decline:	\$8.69
September 27, 2002 Price Decline:	\$5.40

(a) For shares of Flowserve common stock ***purchased on or between February 6, 2001 through July 22, 2002***, the claim per share shall be as follows:

- (i) If sold on or before July 22, 2002, the claim per share is \$0.
- (ii) If sold on July 23, 2002 through September 26, 2002, the claim per share shall be the lesser of (i) \$8.69 (July 23, 2002 Price Decline), or (ii) the difference between the purchase price and the selling price.
- (iii) If sold on September 27, 2002, the claim per share shall be the lesser of (i) \$14.09 (July 23, 2002 & September 27, 2002 Price Declines), or (ii) the difference between the purchase price and the selling price.
- (iv) If held at the close of trading on September 27, 2002, and sold on or before December 24, 2002, the claim per share shall be the lesser of (i) \$14.09 (July 23, 2002 & September 27, 2002 Price Declines), or (ii) the difference between the purchase price and the selling price, or (iii) the difference between the purchase price per share and the average closing price per share up to the date of sale as set forth in the table below.
- (v) If held or sold on or after December 26, 2002, the claim per share shall be the lesser of (i) \$14.09 (July 23, 2002 & September 27, 2002 Price Declines), or (ii) the difference between the purchase price per share and \$12.40 per share.

(b) For shares of Flowserve common stock ***purchased on or between July 23, 2002 through September 26, 2002***, the claim per share shall be as follows:

- (i) If sold on or before September 26, 2002, the claim per share is \$0.
- (ii) If sold on September 27, 2002, the claim per share shall be the lesser of (i) \$5.40 (September 27, 2002 Price Decline), or (ii) the difference between the purchase price and the selling price.
- (iii) If held at the close of trading on September 27, 2002, and sold on or before December 24, 2002, the claim per share shall be the lesser of (i) \$5.40 (September 27, 2002 Price Decline), or (ii) the difference between the purchase price and the selling price, or (iii) the difference between the purchase price per share and the average closing price per share up to the date of sale as set forth in the table below.
- (iv) If held or sold on or after December 26, 2002, the claim per share shall be the lesser of (i) \$5.40 (September 27, 2002 Price Decline), or (ii) the difference between the purchase price per share and \$12.40 per share.

(c) For shares of Flowserve common stock ***purchased on September 27, 2002***, the claim per share shall be \$0.

Common Stock Purchased in the November 2001 Public Offering

Public Offering Price: \$23.50 per share

Closing Price on the date the lawsuit was filed: \$19.45 per share

(a) For shares of Flowserve common stock ***purchased in and traceable to Flowserve's offering dated November 16, 2001***, and

(i) sold on or before February 4, 2004, the claim per share is the lesser of (i) the purchase price per share less the sales price per share, or (ii) \$23.50 less the sales price per share.

(ii) held at the close of trading on or sold on or after February 5, 2004, the claim per share is the lesser of (i) the purchase price per share less the sales price per share, or (ii) \$23.50 less \$19.45.

Common Stock Purchased in the April 2002 Public Offering

Secondary Public Offering Price: \$31.50 per share

Closing Price on the date the lawsuit was filed: \$19.45 per share

(a) For shares of Flowserve common stock ***purchased in and traceable to Flowserve's offering dated April 16, 2002***, and

(i) sold on or before February 4, 2004, the claim per share is the lesser of (i) the purchase price per share less the sales price per share, or (ii) \$31.50 less the sales price per share.

(ii) held at the close of trading on or sold on or after February 5, 2004, the claim per share is the lesser of (i) the purchase price per share less the sales price per share, or (ii) \$31.50 less \$19.45.

CALL OPTIONS

(a) For call options on Flowserve common stock ***purchased from February 6, 2001 through September 27, 2002***, and

(i) held at the close of trading on July 22, 2002 and/or September 26, 2002, the claim per call option is the difference between the price paid for the call option less the proceeds received upon the settlement of the call option contract;

(ii) not held at the close of trading on July 22, 2002 and/or September 26, 2002, the claim per call option is \$0.

(b) For call options on Flowserve common stock ***written from February 6, 2001 through September 27, 2002***, the claim per call option is \$0.

PUT OPTIONS

(a) For put options on Flowserve common stock ***written from February 6, 2001 through September 27, 2002***, and

(i) held at the close of trading on July 22, 2002 and/or September 26, 2002, the claim per put option is the difference between the price paid upon settlement of the put option contract less the initial proceeds received upon the sale of the put option contract;

(ii) not held at the close of trading on July 22, 2002 and/or September 26, 2002, the claim per put option is \$0.

(b) For put options on Flowserve common stock ***purchased from February 6, 2001 through September 27, 2002***, the claim per put option is \$0.

Note: In the case the option was exercised for Flowserve common stock, the amount paid, or proceeds received, upon the settlement of the option contract equals the intrinsic value of the option using Flowserve common stock's closing price on the date the option was exercised.

Note: The combined recovery for the put/call options shall not exceed 3% of the Net Settlement Fund.

<u>Date</u>	<u>Closing Price</u>	<u>Average Closing Price</u>
30-Sep-02	\$10.00	\$10.00
1-Oct-02	\$10.17	\$10.09
2-Oct-02	\$9.35	\$9.84
3-Oct-02	\$8.88	\$9.60
4-Oct-02	\$8.17	\$9.31
7-Oct-02	\$8.70	\$9.21
8-Oct-02	\$8.65	\$9.13
9-Oct-02	\$8.07	\$9.00
10-Oct-02	\$7.90	\$8.88
11-Oct-02	\$8.40	\$8.83
14-Oct-02	\$8.34	\$8.78
15-Oct-02	\$9.65	\$8.86

Date	Closing Price	Average Closing Price
16-Oct-02	\$8.95	\$8.86
17-Oct-02	\$9.56	\$8.91
18-Oct-02	\$9.54	\$8.96
21-Oct-02	\$10.70	\$9.06
22-Oct-02	\$12.17	\$9.25
23-Oct-02	\$11.15	\$9.35
24-Oct-02	\$11.15	\$9.45
25-Oct-02	\$11.90	\$9.57
28-Oct-02	\$11.87	\$9.68
29-Oct-02	\$11.47	\$9.76
30-Oct-02	\$11.81	\$9.85
31-Oct-02	\$11.72	\$9.93
1-Nov-02	\$12.36	\$10.03
4-Nov-02	\$12.90	\$10.14
5-Nov-02	\$12.92	\$10.24
6-Nov-02	\$13.29	\$10.35
7-Nov-02	\$13.01	\$10.44
8-Nov-02	\$12.61	\$10.51
11-Nov-02	\$12.41	\$10.57
12-Nov-02	\$12.67	\$10.64
13-Nov-02	\$12.73	\$10.70
14-Nov-02	\$13.26	\$10.78
15-Nov-02	\$13.53	\$10.86
18-Nov-02	\$13.51	\$10.93
19-Nov-02	\$13.36	\$11.00
20-Nov-02	\$13.56	\$11.06
21-Nov-02	\$14.30	\$11.15
22-Nov-02	\$14.30	\$11.22
25-Nov-02	\$14.47	\$11.30
26-Nov-02	\$14.55	\$11.38
27-Nov-02	\$15.39	\$11.47
29-Nov-02	\$15.22	\$11.56
2-Dec-02	\$15.24	\$11.64
3-Dec-02	\$14.91	\$11.71
4-Dec-02	\$14.40	\$11.77
5-Dec-02	\$13.97	\$11.82
6-Dec-02	\$13.90	\$11.86
9-Dec-02	\$13.51	\$11.89
10-Dec-02	\$13.76	\$11.93
11-Dec-02	\$14.16	\$11.97
12-Dec-02	\$14.41	\$12.02
13-Dec-02	\$14.46	\$12.06
16-Dec-02	\$15.02	\$12.12
17-Dec-02	\$14.91	\$12.17
18-Dec-02	\$14.88	\$12.21
19-Dec-02	\$14.30	\$12.25
20-Dec-02	\$14.10	\$12.28
23-Dec-02	\$14.79	\$12.32
24-Dec-02	\$14.73	\$12.36
26-Dec-02	\$14.83	\$12.40

The date of purchase or sale is the "contract" or "trade" date as distinguished from the "settlement" date.

For Settlement Class Members who held Flowserve securities at the beginning of the Settlement Class Period or made multiple purchases or sales during the Settlement Class Period, the first-in, first-out (“FIFO”) method will be applied to such holdings, purchases and sales for purposes of calculating a claim. Under the FIFO method, sales of securities during the Settlement Class Period will be matched, in chronological order, first against securities held at the beginning of the Settlement Class Period. The remaining sales of securities during the Settlement Class Period will then be matched, in chronological order, against securities purchased during the Settlement Class Period.

A Settlement Class Member will be eligible to receive a distribution from the Net Settlement Fund only if a Settlement Class Member had a net loss. All gains and losses (as calculated under the above plan) will be combined and thereafter netted against each other. In addition, no distribution will be made to an Authorized Claimant who would receive a net distribution of less than \$10.00.

HOW YOU OBTAIN A PAYMENT — SUBMITTING A CLAIM FORM

10. How Will I Obtain a Payment?

To qualify for payment, you must be an eligible Settlement Class Member, send in a valid claim form, and properly document your claim as requested in the claim form. A claim form is enclosed with this Notice. Read the instructions carefully, fill out the form, include all the documents the form asks for, sign it, and mail it in the enclosed envelope postmarked no later than June 8, 2010.

11. When Will I Receive My Payment?

The Court will hold a hearing on May 11, 2010, to decide whether to approve the settlement. If Judge Boyle approves the settlement, there may be appeals. It is always uncertain whether these appeals can be resolved, and resolving them can take time, perhaps several years. Everyone who sends in a claim form will be informed of the determination with respect to their claim. Please be patient.

12. What Am I Giving Up to Receive a Payment or Stay in the Settlement Class?

Unless you timely and validly exclude yourself, you are staying in the Settlement Class, and that means that you cannot sue, continue to sue, or be part of any other lawsuit against the Defendants about the Released Claims in this case. It also means that all of the Court’s orders will apply to you and legally bind you and you will release your claims in this case against the Defendants. The terms of the release are included in the claim form that is enclosed.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from this settlement, but you want to keep the right to sue or continue to sue the Defendants on your own for the Released Claims in this case, then you must take steps to get out of the Settlement Class. This is called excluding yourself or is sometimes referred to as opting out of the Settlement Class.

13. How Do I Get Out of the Settlement Class?

To exclude yourself from the Settlement Class, you must send a letter by mail stating that you want to be excluded from the class in *Ryan v. Flowserve Corporation, et al.*, Civil Action No. 3:03-CV-01769-B. You must include your name, address, telephone number, your signature, and the number of shares of Flowserve securities you purchased on or between February 6, 2001 and September 27, 2002, the number of shares sold during this time period, if any, the price paid or received per share by each such purchase or sale, and the dates of such purchases and sales. You must mail your exclusion request postmarked no later than April 23, 2010 to:

Flowserve Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 808003
Petaluma, CA 94975-8003

You cannot exclude yourself on the phone or by e-mail. If you ask to be excluded, you are not eligible to receive any settlement payment, and you cannot object to the settlement. You will not be legally bound by anything that happens in this lawsuit.

14. If I Do Not Exclude Myself, Can I Sue the Defendants for the Same Thing Later?

No. Unless you timely and validly exclude yourself, you give up any right to sue the Defendants for the Released Claims in this settlement. If you have a pending lawsuit against any of the Defendants, speak to your lawyer in that case immediately. Remember, the exclusion deadline is April 23, 2010.

15. If I Exclude Myself, Can I Receive Money from This Settlement?

No. If you exclude yourself, do not send in a claim form. But, you may be able to sue, continue to sue, or be part of a different lawsuit involving the Released Claims against the Defendants.

THE LAWYERS REPRESENTING YOU

16. Do I Have a Lawyer in This Case?

The Court asked the law firm of Coughlin Stoia Geller Rudman & Robbins LLP to represent you and other Settlement Class Members. These lawyers are called Lead Counsel. You will not be charged directly for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

17. How Will the Lawyers Be Paid?

Plaintiffs' counsel will ask the Court for attorneys' fees of up to 25% of the Settlement Fund and for expenses up to \$7,810,000, which were advanced in connection with the litigation. Such sums as may be approved by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses. The expense number above includes \$30,000, which is the maximum aggregate amount of expenses that the Plaintiffs will seek as reimbursement for their time and expenses incurred in representing the Settlement Class.

The attorneys' fees and expenses requested will be the only payment to Plaintiffs' counsel for their efforts in achieving this settlement and for their risk in undertaking this representation on a wholly contingent basis. Plaintiffs' counsel have performed extensive work and have committed significant time and expenses in litigating this case for the benefit of the Settlement Class since the case began in 2003. During the course of this litigation, Plaintiffs' counsel sought document discovery from Defendants, who produced more than ten million pages of documents that were reviewed and analyzed. Approximately 75 depositions were taken and expert discovery was completed. Plaintiffs briefed numerous motions, including discovery related motions, class certification and summary judgment. To date, Plaintiffs' counsel have not been paid for their services in conducting this litigation on behalf of the Plaintiffs and the Settlement Class, nor for their substantial expenses. Plaintiffs' counsel will advise the Court that the fees requested will not fully compensate them for the time worked on this case, including achieving the Settlement Fund, and is well within the range of fees awarded to class counsel in similar cases.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the settlement or some part of it.

18. How Do I Tell the Court that I Do Not Like the Settlement?

If you are a Settlement Class Member, you can object to the settlement if you do not like any part of it, including the Plan of Allocation and the request for attorneys' fees. You can state the reasons why you think the Court should not approve it. The Court will consider your views. To object, you must send a letter saying that you object to the settlement in *Ryan v. Flowserve Corporation, et al.*, Civil Action No. 3:03-CV-01769-B. Be sure to include your name, address, telephone number, your signature, the number of shares of Flowserve securities purchased on or between February 6, 2001 and September 27, 2002, and the reasons you object. Any objection must be mailed or delivered such that it is received by **each** of the following no later than April 23, 2010:

Court:

Clerk of the Court
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION
Earle Cabell Federal Building and United States Courthouse
1100 Commerce Street
Dallas, TX 75242

Counsel for Plaintiffs:

Joy Ann Bull
COUGHLIN STOIA GELLER
RUDMAN & ROBBINS LLP
655 West Broadway, Suite 1900
San Diego, CA 92101

Counsel for Flowserve:

Carrie Huff
HAYNES AND BOONE, LLP
2323 Victory Avenue, Suite 700
Dallas, TX 75219

19. What's the Difference Between Objecting and Excluding?

Objecting is simply telling the Court that you do not like something about the settlement. You can object **only if** you stay in the Settlement Class. Excluding yourself is telling the Court that you do not want to be part of the Settlement Class. If you exclude yourself, you have no basis to object because the case no longer affects you.

THE COURT'S FAIRNESS HEARING

The Court will hold a hearing to decide whether to approve the settlement. You may attend and you may ask to speak, but you do not have to.

20. When and Where Will the Court Decide Whether to Approve the Settlement?

The Court will hold a fairness hearing at 10:00 a.m., on May 11, 2010, at the Earle Cabell Federal Building and United States Courthouse, 1100 Commerce Street, Dallas, Texas. At this hearing the Court will consider whether the settlement is fair, reasonable, and adequate. If there are objections, the Court will consider them. Judge Boyle will listen to people who have asked to speak at the hearing. The Court will also consider how much to pay to Plaintiffs' counsel. The Court may decide these issues at the hearing or take them under consideration. We do not know how long these decisions will take.

21. Do I Have to Come to the Hearing?

No. Lead Counsel will answer any questions Judge Boyle may have. But, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed your written objection on time, the Court will consider it. You may also pay your own lawyer to attend, but it is not necessary.

22. May I Speak at the Hearing?

You may ask the Court for permission to speak at the fairness hearing. To do so, you must send a letter saying that it is your intention to appear in *Ryan v. Flowserve Corporation, et al.*, Civil Action No. 3:03-CV-01769-B. Be sure to include your name, address, telephone number, your signature, and the number of shares of Flowserve securities purchased on or between February 6, 2001 and September 27, 2002. Your notice of intention to appear must be received no later than April 23, 2010, by the Clerk of the Court, counsel for Plaintiffs, and counsel for Flowserve, at the three addresses listed in question 18. You cannot speak at the hearing if you exclude yourself from the Settlement Class.

IF YOU DO NOTHING

23. What Happens if I Do Nothing at All?

If you do nothing, you will be a Settlement Class Member, but you will not receive any money from this settlement because it is necessary to submit a claim form. However, unless you exclude yourself, you won't be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against the Defendants about the Released Claims in this case.

GETTING MORE INFORMATION

24. Are There More Details About the Settlement?

This Notice summarizes the proposed settlement. More details are in the Stipulation of Settlement dated as of December 18, 2009. You can obtain a copy of the Stipulation of Settlement by writing to Rick Nelson, Shareholder Relations, Coughlin Stoia Geller Rudman & Robbins LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, or from the Clerk's office at the United States District Court for the Northern District of Texas, Dallas Division, 1100 Commerce Street, Dallas, Texas during regular business hours, or by going to www.gilardi.com.

25. How Do I Get More Information?

You can call 619/231-1058 or write to Rick Nelson, Shareholder Relations, Coughlin Stoia Geller Rudman & Robbins LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, or visit the following website: www.gilardi.com.

PLEASE DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE

SPECIAL NOTICE TO NOMINEES

The Court has ordered that if you held any Flowserve securities purchased on or between February 6, 2001 and September 27, 2002 as nominee for a beneficial owner, then, within ten (10) days after you receive this Notice, you must either: (1) send a copy of this Notice by first class mail to all such Persons; or (2) provide a list of the names and addresses of such Persons to the Claims Administrator:

Flowserve Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 808003
Petaluma, CA 94975-8003

If you choose to mail the Notice and Proof of Claim yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for or advancement of reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice and which would not have been incurred but for the obligation to forward the Notice, upon submission of appropriate documentation to the Claims Administrator.

DATED: March 1, 2010

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION