

AUDIT COMMITTEE CHARTER

PURPOSE

The Audit Committee, (the "Committee") shall review and monitor Flowserve Corporation's (the "Company") financial statements, accounting policies, practices and system of internal control to evaluate whether management has proper safeguards over the Company's assets and is issuing timely, accurate and appropriate financial information in accordance with applicable legal and regulatory requirements. The Committee is responsible for hiring, compensation and oversight of the external auditors, plus the Committee assesses the performance of the Company's internal audit function and external auditors. Finally, the Committee prepares the audit committee report which SEC rules require for the Company's annual proxy statement. In order to ensure the impartial performance of the above functions, all directors that serve on the Committee must have been determined by the Board to be independent, as defined and to the extent required in the applicable Securities and Exchange Commission rules and New York Stock Exchange listing standards, as they may be amended from time to time, and must qualify as independent directors under the Board's Self-Governance Guidelines. In addition, the Committee must have at least three members. All Committee members must be "financially literate", with at least one being an "audit committee financial expert" as defined in applicable regulations.

POWERS

The Committee has all powers necessary to carry out the purpose and discharge the responsibilities of the Committee. These include the power to directly retain, at Company expense, outside legal, accounting and audit services to execute those responsibilities, without additional approval from the Board, and the power to investigate any matter within the scope of its duties, with full access to books, records, facilities and personnel necessary to do so.

AUDIT COMMITTEE RESPONSIBILITIES ARE TO:

1. Directly engage, oversee, assess the qualifications and independence of, and if necessary, terminate the external auditors, including receiving reports from the external auditors on their compliance with mandatory rotation and related independence requirements.
2. Preapprove (except as delegated to the Committee Chairman to the extent allowed by law) all services to be performed by the external auditors, including approving the itemized fees for both the annual audit and non-audit services and confirmations from the external auditors that any such non-audit services are permitted by law, with a focus on identifying any matters that might affect the scope of the audit or the independence of the external auditors. When any such power is delegated to the Committee Chairman, he or she must disclose all determinations to the full Committee as soon as possible after they have been made.
3. Confirm with the external auditors that their services are retained by the Board of Directors, and that all significant issues and results of their services are to be communicated directly to the Committee.
4. Meet at least four times per year, or more often as needed.
5. Obtain the Board's approval of this Charter and reassess this Charter as conditions dictate (at least annually).
6. Preapprove (except as delegated to the Committee Chairman to the extent allowed by law) the internal audit plan and the scope and timing of the external audit plan.

7. Have a clear understanding that the internal auditors are ultimately accountable to, and shall report directly to the Committee.
8. Resolve, if applicable, any disagreements between management and the external auditors regarding financial reporting.
9. Discuss with management policies with respect to financial risk assessment and financial risk management, including reviewing periodically the Company's contingent liability reserves, allowance for doubtful accounts and other applicable provisions of the Company's financial statements.
10. Review and approve the internal audit budget and plan.
11. Review the coordination of the internal audit function with external auditors and make inquiries of internal auditors as to any significant accounting exposures and management's responses thereto. As desired, review any matters with the internal auditors which are also reviewed with either the external auditors or management under this charter.
12. Provide an open avenue of communication between the external and internal auditors and the Board.
13. Meet with management to:
 - (a) Review the quality and integrity of the annual financial statements and the quarterly interim financial statements.
 - (b) Review the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operation" in the quarterly Form 10-Q and annual Form 10-K filings with the SEC, including any significant unusual disclosures, plus any disclosures in these filings related to the preapproval of non-audit services by the external auditors.
 - (c) Review the Company's proxy fillings with the SEC.
 - (d) Review reports from management discussing any deficiencies, if applicable, found in the internal controls.
 - (e) Review on a quarterly basis the key estimates and assumptions used by Management in preparing the financial statements and related reports.
14. Meet with the external auditors to:
 - (a) Review all reports prepared for the Committee by the external auditors, including statements of critical accounting policies and practices to be used, discussions of alternative treatments of Company financial information within generally accepted accounting principles and other material written communications such as any management letter or schedule of unadjusted differences and audit adjustments. Obtain external auditors summary of aggregated deficiencies over internal controls over financial reporting. If necessary, discuss the ramifications of the use of alternative treatments and the treatment preferred by the auditors.
 - (b) Review the quality and integrity of the annual financial statements, the quarterly interim financial statements and their results of the annual audit and quarterly reviews (including

a review of significant transactions not a normal part of the Company's business, changes in accounting principles and practices, significant proposed adjustments, and the choice of accounting principles).

- (c) Review the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operation" in the quarterly Form 10-Q and annual Form 10-K filings with the SEC, including any significant unusual disclosures, plus any disclosures in these filings related to the preapproval of non-audit services by the external auditors.
- (d) Review the Company's proxy filings with the SEC.
- (e) Review the external auditors' evaluation of:
 - (i) The quality, adequacy and clarity of the Company's accounting, financial and internal audit policies, procedures and internal controls, and elicit any recommendations for the improvement of such from auditors.
 - (ii) Other significant matters which come to their attention during the course of the audit.
- (f) Assess whether the scope of the external audit program has been substantially completed, including whether problems were encountered and, if so, management's response.
- (g) Assess, if applicable, if any member of management has attempted to exert any improper influence on the external auditors in the performance of their work.
- (h) At least annually, obtain and review a report by the external auditors describing: the auditing firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more external audits carried out by the firm, and any steps taken to deal with any such issue.
- (i) On an annual basis, obtain from the external auditors a written communication delineating their relationships and professional services as required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees. In addition, review with the external auditors the nature and scope of any disclosed relationships or professional services and take, or recommend that the Board take, appropriate action to ensure the continuing independence of the auditors.

15. Meet with the internal auditors to:

- (a) Review the performance and all the reports prepared for the Committee by the internal auditors, including significant findings by the internal audit staff and the response of management to the findings.
- (b) Review any allegations of unethical behavior or fraudulent activities by Company employees related to internal controls, financial accounting and reporting matters.

- (c) Assess whether the scope of the internal audit program has been substantially completed, including whether problems were encountered and, if so, management's response.
 - (d) Assess, if applicable, if any member of management has attempted to exert any improper influence on the internal auditors in the performance of their work.
- 16. Discuss earnings and other financial related press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.
- 17. Set clear hiring policies for employees or former employees of external auditors.
- 18. Review procedures for the receipt, retention treatment and resolution of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- 19. Review the reports and the processes of the CEO and CFO for certifying the Company's financial statements and internal control processes, to the extent required by law, including receiving, if applicable, reports from management, the external auditors or the internal auditors on any material deficiencies found in the internal controls or incidents of fraud by an employee with a significant role in internal controls. Review Management's process for advising the external auditors of any such deficiencies or incidents, if applicable.
- 20. Provide oversight and conduct a periodic review of the design, implementation and status of the Antifraud Program. This includes the results of fraud risk assessments, internal control issues identified to be addressed as a result of the Antifraud Program activities and quarterly reports concerning the disposition of allegations, related to auditing, accounting and internal controls matters, received, processed and investigated through the Ethics Hotline and other channels.
- 21. Direct and supervise investigations into matters within the scope of its responsibilities, if deemed necessary.
- 22. Review management's presentation of financial statements and related materials and evaluate whether the Board receives an objective and adequate flow of information as to matters which lie within the scope of the Committee's responsibilities.
- 23. Report its findings on the above to the Board on a regular basis, but not less than quarterly.
- 24. Prepare and review the report of the Committee in the annual Proxy Statement.
- 25. Conduct an annual performance review of the Committee.