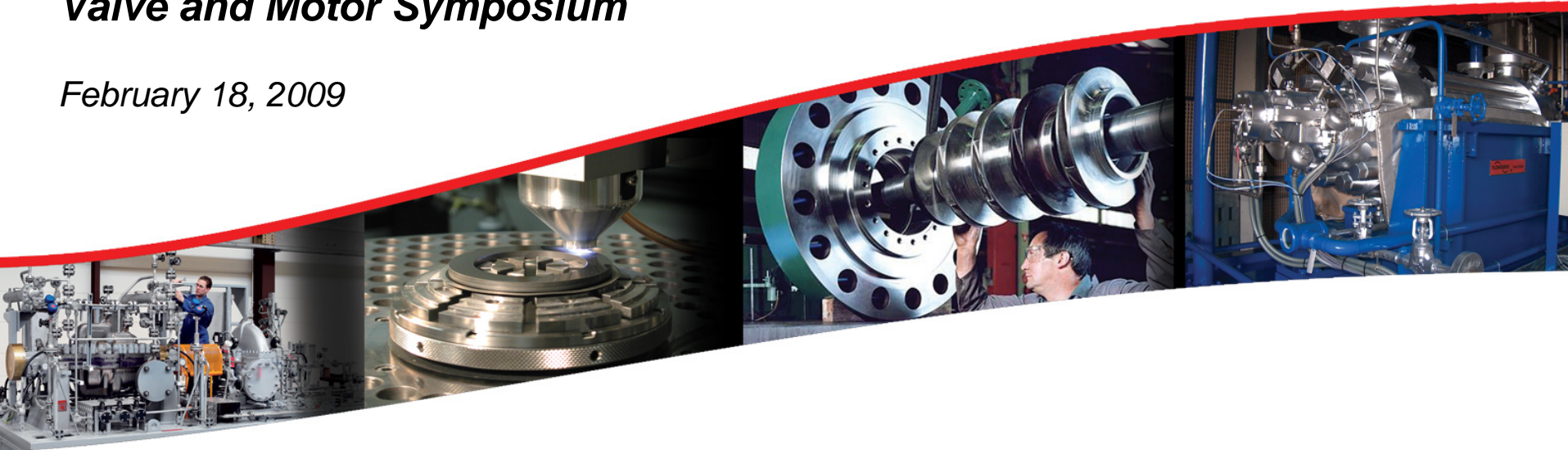




Flowserve Corporation

***Gabelli & Company, Inc. 19th Annual Pump,
Valve and Motor Symposium***

February 18, 2009



Lew Kling, President and Chief Executive Officer

Mark Blinn, SVP, Chief Financial Officer and Latin America Operations

Paul Fehlman, VP Investor Relations

Experience In Motion

Special Note

SAFE HARBOR STATEMENT: *This presentation includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended. Words or phrases such as, “may,” “should,” “expects,” “could,” “intends,” “plans,” “anticipates,” “estimates,” “believes,” “predicts” or other similar expressions are intended to identify forward-looking statements, which include, without limitation, earnings forecasts, statements relating to our business strategy and statements of expectations, beliefs, future plans and strategies and anticipated developments concerning our industry, business, operations and financial performance and condition.*

The forward-looking statements included in this presentation are based on our current expectations, projections, estimates and assumptions. These statements are only predictions, not guarantees. Such forward-looking statements are subject to numerous risks and uncertainties that are difficult to predict. These risks and uncertainties may cause actual results to differ materially from what is forecast in such forward-looking statements, and include, without limitation, the following: a portion of our bookings may not lead to completed sales, and our ability to convert bookings into revenues at acceptable profit margins; 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; 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.

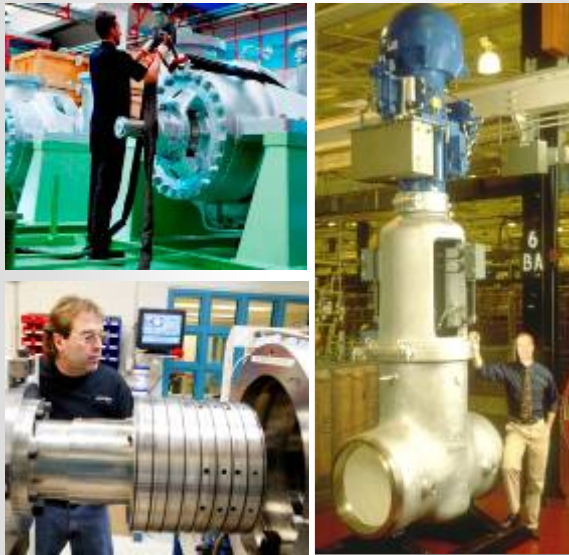
All forward-looking statements included in this presentation are based on information available to us on the date hereof, and we assume no obligation to update any forward-looking statement.

A Leading Portfolio of Products, Solutions & Services

Core Industries

A Broad Set of Product Capabilities

Pumps - Valves - Seals



Power



Chemical



Oil / Gas



Water



General Industry



Aftermarket Support Services

Quick Response Centers (QRCs)

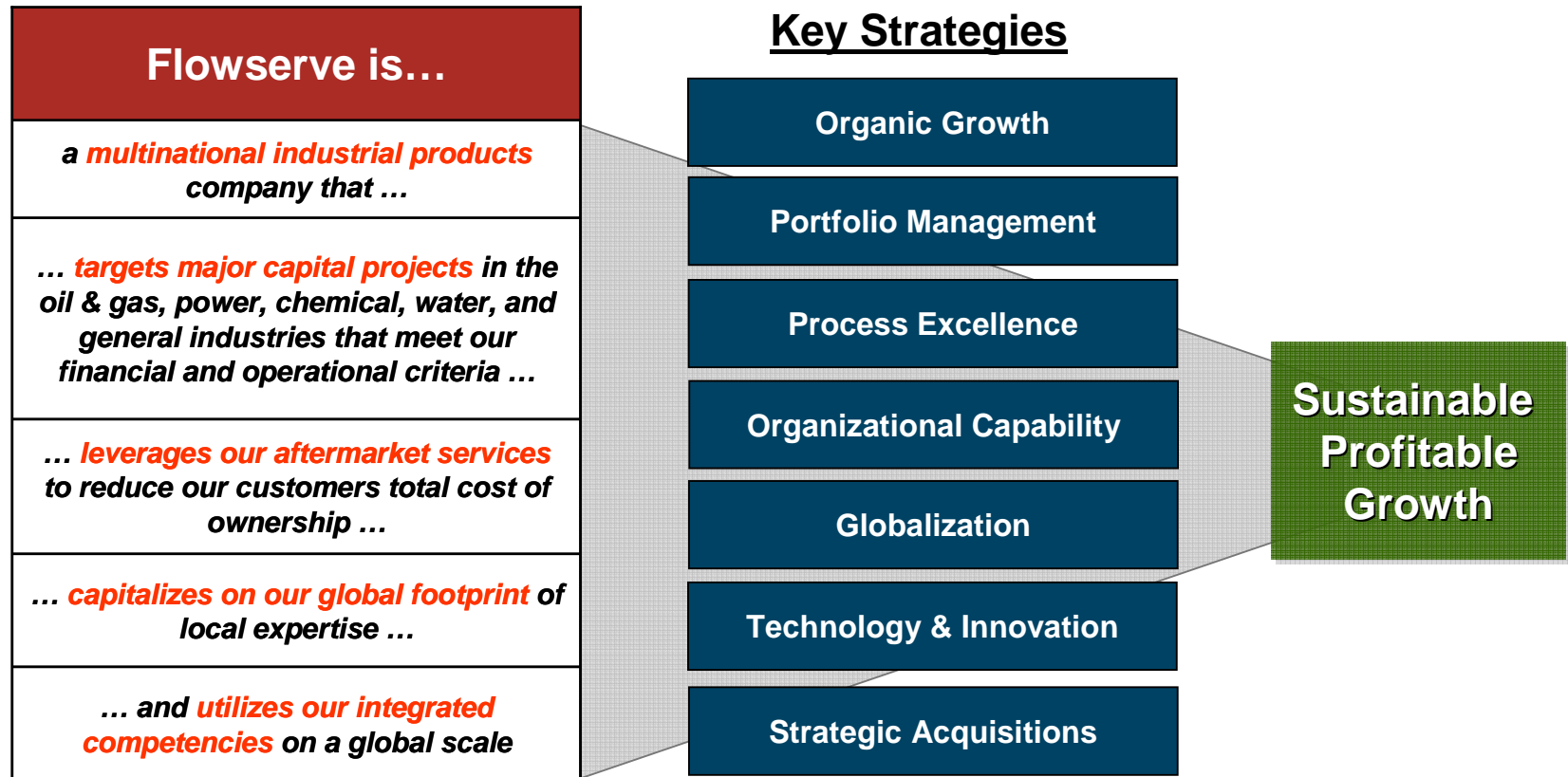


Localized Support

Lower Total Cost of Ownership

Industry Leading Products • Critical Industry Application • Aftermarket Capabilities

Driving For Growth



Priorities May Change ... But ... Key Strategies Still Applicable Going Forward

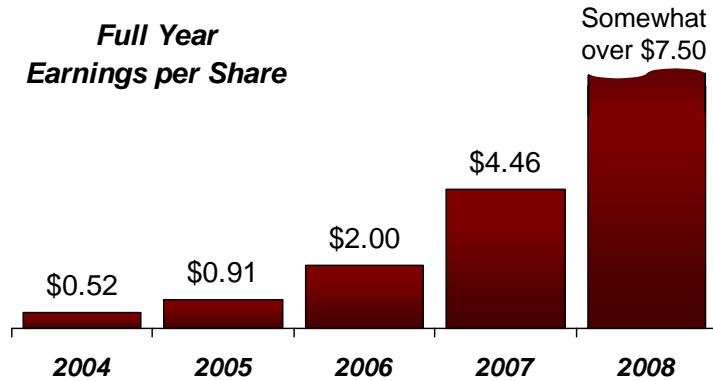
Financial Highlights

- **Reported Full Year 2008 Bookings of appx. \$5.1 billion, up 19% versus 2007**
- **Reported Fourth Quarter Bookings slightly over \$1.0 billion**
 - ✓ 8th consecutive quarter of bookings over \$1 billion
- **Announced Expected Full Year 2008 EPS somewhat above previous target of \$7.20 to \$7.50**
 - ✓ Includes benefits from tax matters and foreign currency hedging activities
- **Reported reduction in Net Debt/Capital to around 5% at the end of 2008**

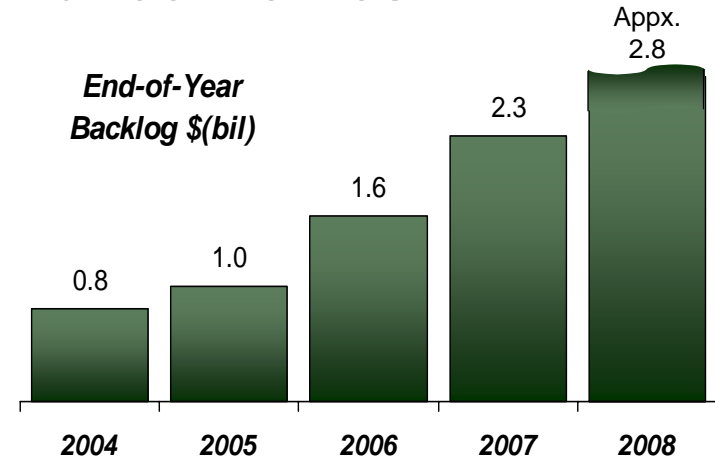
Announced 2009 EPS Target Range of \$6.75 - \$7.50 including realignment costs of up to \$40 million, or \$0.50/share

Key Financial Performance Metrics

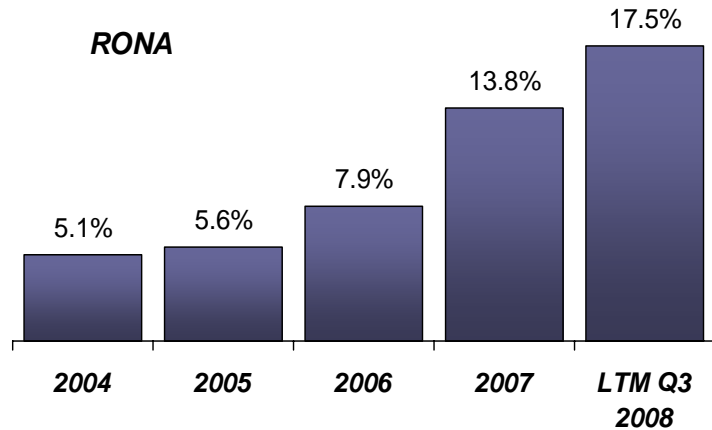
Full Year Earnings per Share



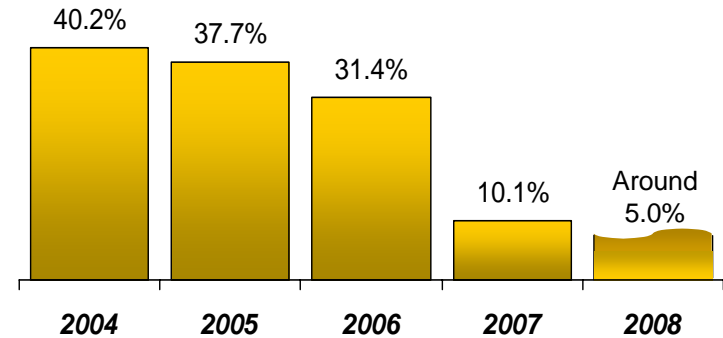
End-of-Year Backlog \$(bil)



RONA

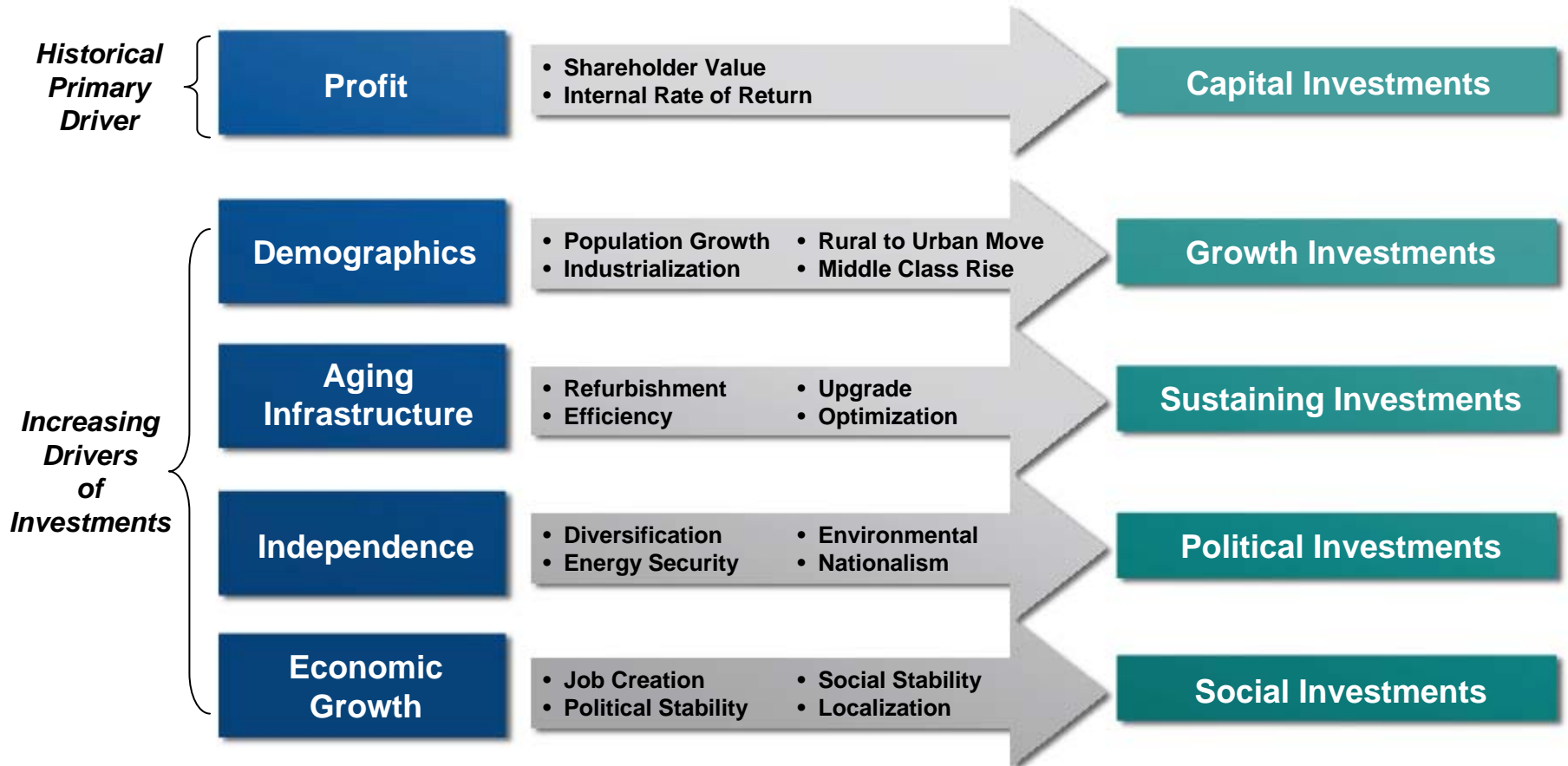


End-of-Year Net Debt to Book Capital



Continually Improved Earnings, Asset Utilization, and Balance Sheet Strength

What Drives Long Cycle Global Infrastructure Investments?



Drivers for Infrastructure Investments are Increasing

Spending Through the Business Cycle

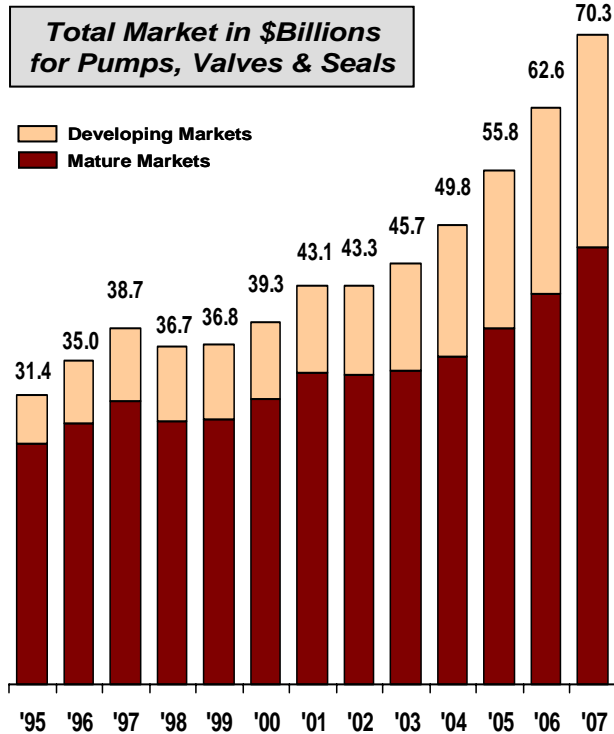


Chart Source: European Industrial Forecast adjusted to nominal dollars

➤ Infrastructure Investment continues through all phases of the business cycle

➤ Aftermarket spend continues in order to keep:

Oil & Gas Flowing	Water Available	Chemicals Available	Electricity "On"
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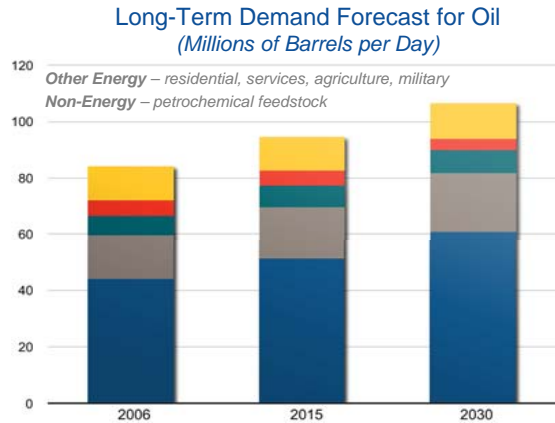
➤ Customers will select Suppliers who:

- ✓ Deliver on Time
- ✓ Deliver a Quality Product
- ✓ Support all Products in the Field
- ✓ **Maintain a Strong Balance Sheet**

Strong Companies Continue to Perform During All Phases of the Business Cycle

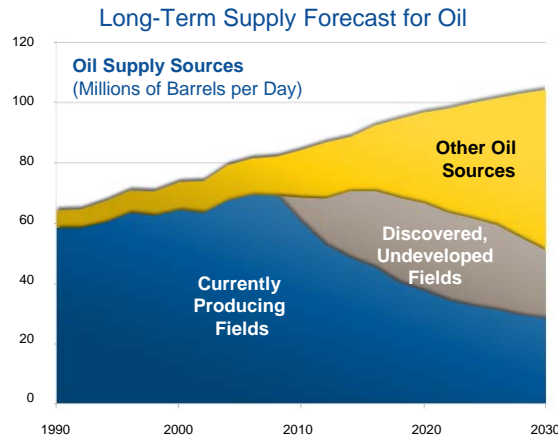
Oil Industry

OIL DEMAND



- Long term demand forecast remains favorable
- Short term demand has been forecasted to be relatively flat through 2010 due to:
 - Reduced transportation demand
 - Reduced feedstock demands
- Current short term demand loss could return rapidly with a renewed global economy

OIL SUPPLY



- Due to projected depletion rates, new fields will need to be developed – many requiring complex recovery techniques
- Oil companies' long term investments are driven by the projected long term supply & demand forecasts, not by "spot" price
- Projects are being delayed to take advantage of reduced commodity costs such as steel and the long term uncertainty of the economy and price of oil

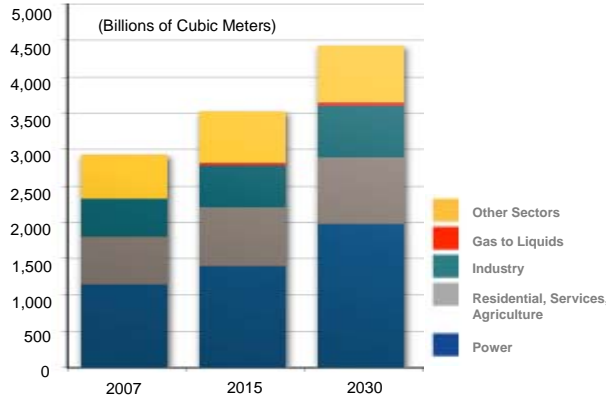
Flowserve's opportunity is in new technologies for complex recovery such as Deep Water and Tar Sands, advancements in refining heavy oil such as ebullators & decokers and related aftermarket services

Gas Industry

Long-Term Demand Forecast for Natural Gas

GAS DEMAND

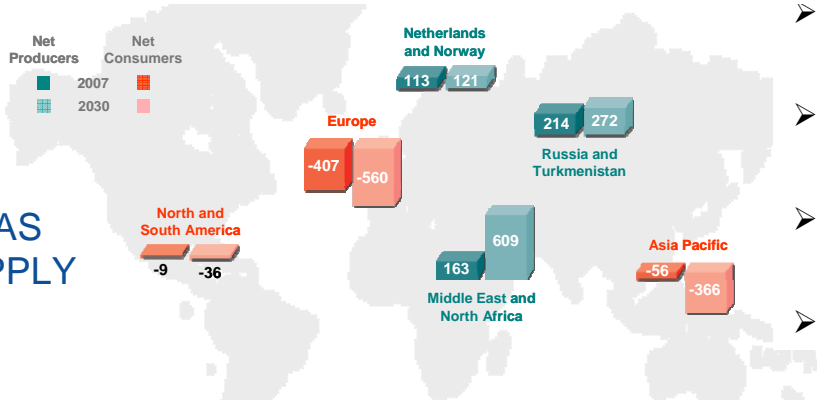
Natural Gas Consumption by Major End Use



- Demand growth is being driven by power generation and overall growth in developing regions
- Demand for natural gas grows with favorable pricing supported by good infrastructure for transport
- Gas to Liquids (GTL) is forecasted to drive increased demand for natural gas to produce alternative fuels
- Natural gas is a clean reliable fuel source for power plants, residential heating and commercial applications

FORECAST: Gas Supply and Trade Movements 2007 vs 2030 (Billion m³)

GAS SUPPLY

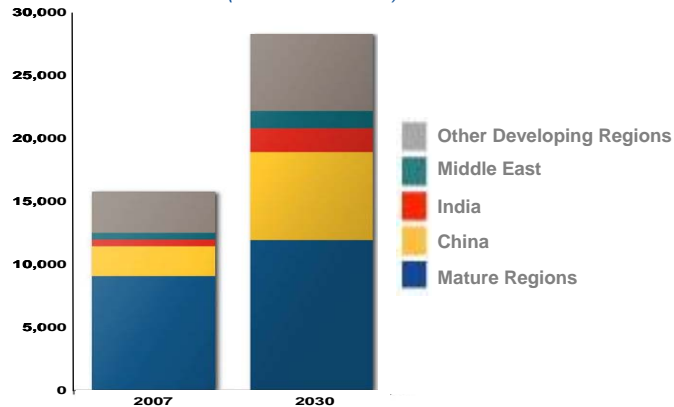


- Middle East, Russia and North Africa will become net producers of natural gas
- The Americas, Europe and Asia will be net consumers of natural gas
- Significant distances from supply sources to demand markets will require expansion in liquefied natural gas (LNG)
- LNG capacity is projected to triple between 2007 and 2030

Flowserve's opportunity is the expansion of LNG facilities and gas distribution systems which will require highly engineered and cryogenic flow systems, advanced sealing technologies and aftermarket services

Power Industry

Long-Term Demand Forecast for Electricity
(Tera Watt-Hours)



POWER DEMAND

- Power demand growth is driven by three key factors:
 - Global population is projected to grow by 1.0 billion by 2030
 - Worldwide GDP is projected to grow by \$72 trillion by 2030
 - Urban population is projected to grow by 1.4 billion by 2030
- Growth in demand from China is projected to outpace other markets - almost doubling from 2007 to 2030
- Developing regions account for almost 90% of the projected demand growth

Fuel Source	2006 (GW)	2030 (GW)	Net Change (GW)	CAGR ('06 - '30)
Coal	1,381	2,692	1,311	2.9%
Gas	1,124	1,694	570	1.8%
Hydro	919	1,736	517	2.0%
Oil	414	267	(147)	(1.9%)
Nuclear	368	433	65	0.7%
Wind	74	551	477	9.1%
Biomass	45	172	127	6.0%
Other Renewables	16	237	221	12.4%
TOTALS	4,344	7,484	3,140	2.4%

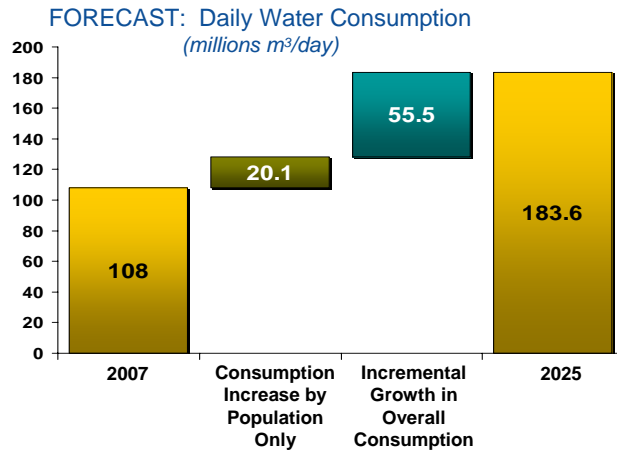
POWER SUPPLY

- Fossil fuels, coal and gas, remain the primary fuel source
- Capital investment plans continue for power generation projects globally
- Nuclear expansion - 436 current reactors could double
- Emerging renewables
 - Solar
 - Geothermal
 - Wind
 - Biomass

Flowserve's opportunity is in new plant construction, facility uprates, environmental upgrades, operational maintenance and leveraging our long standing N-stamp capabilities

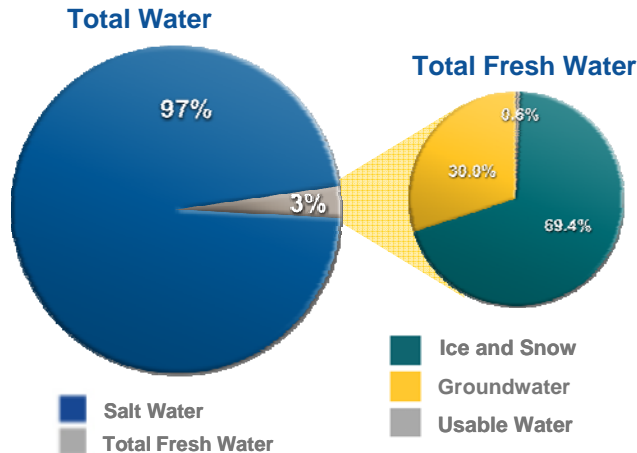
Water Industry

WATER DEMAND



- Water demand growth is directly coupled with population growth and urbanization
 - Projected Population Growth 2008 – 2030: 1.0B
 - Projected Urban Growth 2008 – 2030: 1.4B
- By 2025, forecasted per capita water consumption increases due to:
 - Increased urbanization
 - Increased industrialization

WATER SUPPLY

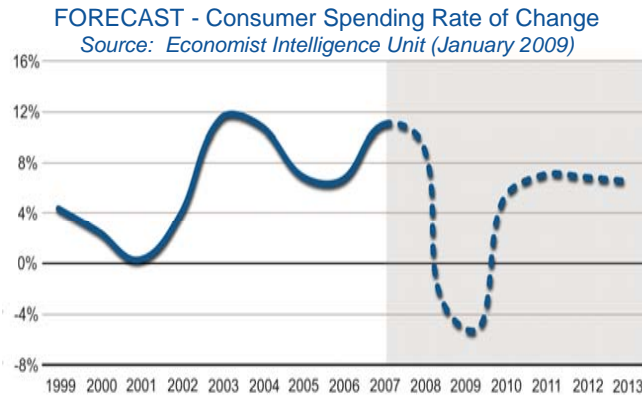


- There is a finite amount of usable water and it is not located where it is needed
- Keys to future water supply:
 - Transport of water to where it is needed
 - Conversion of salt water to potable water
- World-wide desalination capacity is projected to more than double by 2016
 - Spending on desalination is estimated at \$64B over this period

Flowserve's opportunity is in desalination, large water movement and water management which require engineered flow systems and aftermarket services

Chemical Industry

DEMAND for CHEMICAL PRODUCTS



- Chemical demand forecast is coupled with consumer spending projections
- Demand for many chemical end products has dropped significantly since December 2008
- Demand growth is still forecasted for certain products such as ethylene and chemicals for agriculture
- Current forecasts show negative growth for consumer spending at least through 2009

THE IMPACT

2009 EPS declines for chemical majors are projected to fall across a range of -18% (DuPont) to -44% (Huntsman)



- Cutting 5,000 jobs – 11% of its workforce
- Idling 180 plants
- Decline of the Kuwait deal

EASTMAN

- Removing labor \$ / staff
- Eliminating contractors
- Reducing working capital



- 2,500 layoffs
- Idling of 100 sites



- Shutting down 80 plants
- Cutting production at another 100 facilities



- Cutting 7,200 jobs – 10% of its workforce

- Several of the majors are already taking significant cost control steps due to the economic uncertainty
- Economic de-stocking projected to continue until at least mid-2009 reducing the demand for oil feedstock
- Some projected declines in capital spending have moved into the -30% range compared to last year
 - Investments continue in the Middle East, India and Asia to prepare for future indigenous requirements
- Maintenance spending is projected to continue during the tough economic period

Flowserve's opportunity is in leveraging our presence in the developing regions where investments continue, utilizing our aftermarket infrastructure to support maintenance investments and positioning our specialty products for market share gains

What Are We Seeing?

- Orders moderated in Q4 but remained over \$1B
 - ✓ Project delays caused by economic uncertainty
 - ✓ Lower commodity prices driving re-bids
 - ✓ Cancellations have been limited
 - ✓ Bid and customer proposals very active

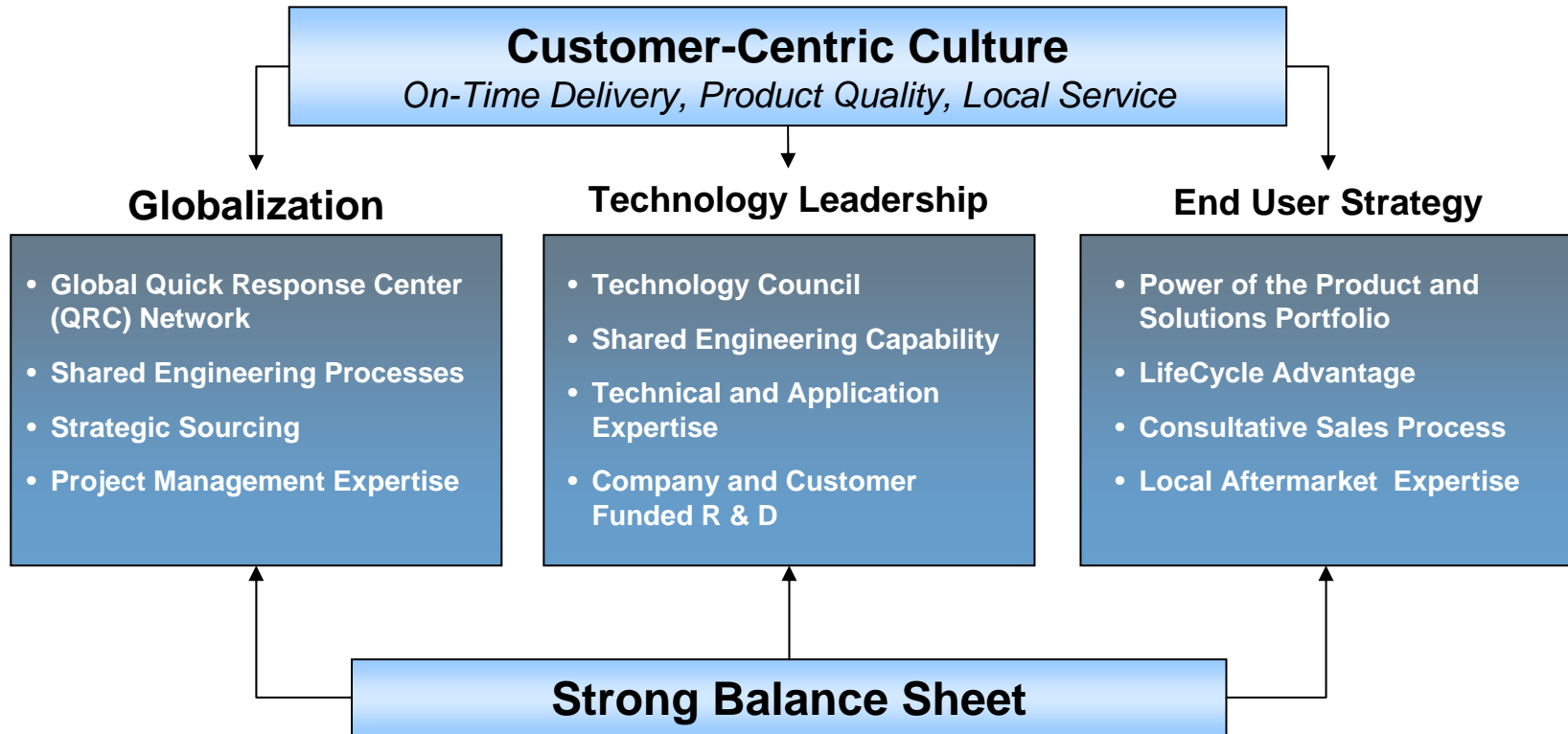
- Although some oil companies have announced reductions/delays in capital spending, many large oil companies have recently indicated that they will continue to spend
 - ✓ Exxon-Mobil continuing with 5 year CAPEX plan of \$125 billion
 - ✓ Petrobras announced capital plan of \$174 billion over next 5 years
 - ✓ Shell and Chevron flat to slightly increasing CAPEX from 2008 to 2009
 - ✓ ConocoPhillips, Valero and Tesoro have announced reductions in capital spend

- The power generation market continues to show relative strength
 - ✓ Significant nuclear expansion planned in India and China
 - ✓ Combined cycle power plants announced in the UK, India and the US

- Demand for desalination projects continues in Europe, Asia, the Middle-East and the US

- Chemical companies are announcing or implementing significant reductions in capital spending and operating expenses
 - ✓ Still pockets of strength in coal gasification in China
 - ✓ Relative strength in ethylene and agriculture based chemicals
 - ✓ Regional strength in Middle East, India and Asia

Flowserve's Key Differentiators



Achieving World Class Performance Increases Our Competitiveness in the Global Market

Pursuing Opportunities in Alternative Energy Solutions

Currently Served Markets



Clean Coal – Coal to Liquids & Coal Gasification



Solar Power



Bio-Technology



*Gas Fuel Compression
Liquefied Natural Gas (LNG)*

Markets Under Development



Geo-Thermal Power



Wind Power



Compressed Hydrogen Gas Fuel

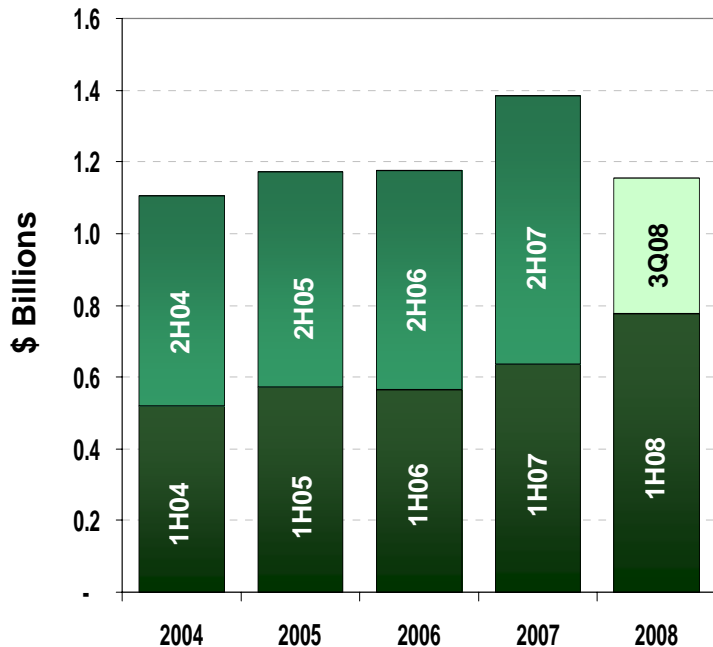


Ocean Energy Conversion

Flowserve is Already Supporting Many Advancements in These Critical Areas

Opportunity for Continued Global Aftermarket Growth

Aftermarket Revenues



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

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

Continuing Key Strategies

- Continuing to Move Strategic Sourcing, Subassembly Production and Final Assembly to Low Cost Countries
- Reducing and Optimizing Certain Non-Strategic Manufacturing Facilities
- Minimizing Fixed Cost Structure by utilizing Temporary Employees
- Using Multiple Shifts vs. “Brick & Mortar” to Allow Flexibility Through the Business Cycle
- Integrating our Global ERP Systems to Increase Efficiency
- Developing a Global Engineering Platform to Minimize Cost & Maximize Efficiency
- Expanding our India Research & Engineering Centers
- Adding New Automated Machining Centers Worldwide to Ensure Consistency, Lower Costs and Increased Speed to Market
- Continuing SG&A Reductions
- Accelerating Continuous Improvement Programs Throughout the Organization

Positioning the Company for All Phases of the Business Cycle

Final Recap

- **Announced record preliminary results for 2008**
 - ✓ Reported Full Year 2008 Bookings of appx. \$5.1 billion, up 19% compared to 2007
 - ✓ Reported Fourth Quarter Bookings slightly over \$1.0 billion
 - ✓ Announced Expected Full Year 2008 EPS somewhat above previous target of \$7.20 to \$7.50
- **Reported reduction in net debt/capital to around 5% at year-end 2008**
 - ✓ Strong 2008 cash flows
 - ✓ Durable capital structure with low leverage, good capacity, and low refinance risk
- **Continuing to leverage capital expenditures and accelerating cost reduction actions to drive lower cost structure**
- **Executing plans to respond to areas of market weakness**
- **Executing Aftermarket strategies focused on capturing market share in 2009**

Announced 2009 EPS Target Range of \$6.75 - \$7.50 including the full impact of up to \$40 million, or \$0.50/share in realignment costs