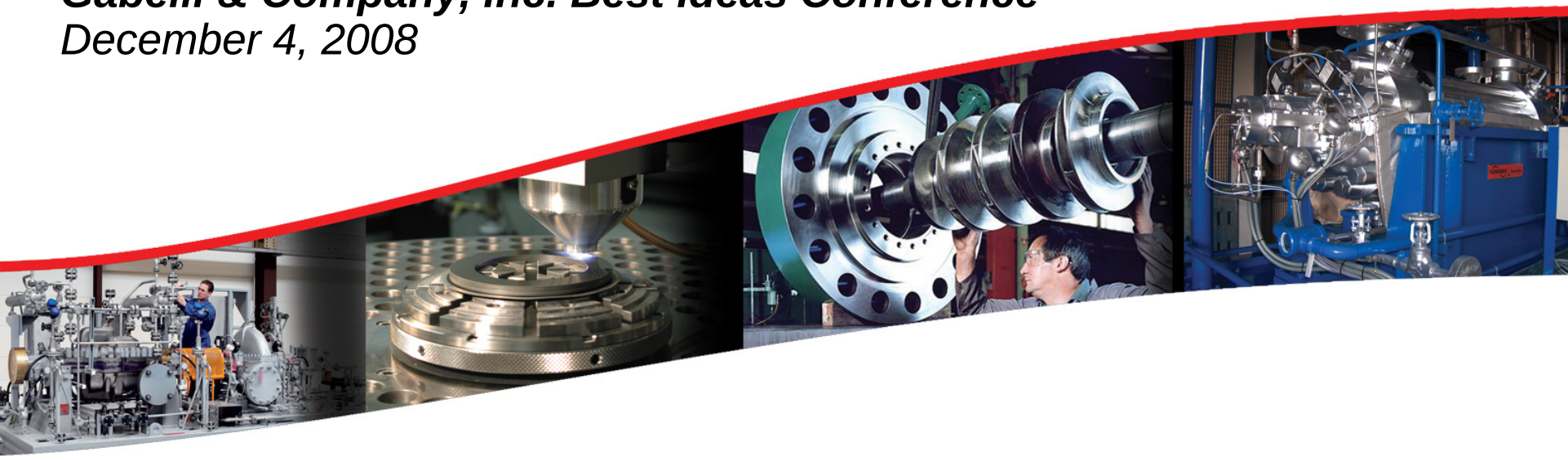
Flowserve Corporation

Gabelli & Company, Inc. Best Ideas Conference

December 4, 2008



Experience In Motion

Mark Blinn, SVP, Chief Financial Officer and Latin America Operations
Zac Nagle, VP, Corporate Planning & Investor Relations

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

A Broad Set of Product Capabilities

Pumps - Valves - Seals





Core Industries

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

Q3 Highlights

- ***Record <u>Third Quarter EPS</u> of $2.04, up 85.5%***
  - ✓ *Includes benefits from tax matters of $0.22, net*
  - ✓ *Partially offset by $0.12 of foreign currency hedging activities*
- ***Increased <u>Operating Margin</u>, up 240 basis points to 14.2%***
- ***Continued strong <u>Gross Margin</u> improvement, up 100 basis points to 35.1%***
- ***Continued <u>SG&A reduction</u> as a percentage of sales, down 170 basis points to 21.2%***
- ***Record <u>Third Quarter Bookings</u> of $1.37 billion, up 29.5%***
  - ✓ *Organic* bookings growth of 22.4%*
  - ✓ *7th consecutive quarter of bookings over $1 billion*
  - ✓ *Pump Division bookings up 44.3%, including 35.1% organic growth*
- ***Record <u>Third Quarter Sales</u> of $1.15 billion, up 25.5%, including 18.4% organic growth***

As of October 28th, Expect 2008 EPS Target at or Around Upper End of Previously Announced Range of $7.20 to $7.50

** Organic bookings and sales exclude the impact of currency and the acquisition of Niigata Worthington*

Q3 Highlights (Continued)

- ***Continued strong aftermarket growth driven by our end-user strategy***
- ***Increased unsecured European "Letter of Credit" facility in September by EUR 30 million***
- ***Repurchased $100M in common stock as part of the company's authorized $300M share buyback program***
- ***Corporate rating increased by S&P to BB/positive outlook from BB-/positive outlook***
- ***On September 29th, Standard & Poor's added Flowserve to the S&P 500 Index***

Strong Balance Sheet Drove Favorable Banking, Rating Agency and S&P Index Actions

Q3 Year-to-Date Highlights

- ***Record Year-to-Date EPS* of $5.71, up 104.7%, including $0.38 net tax items**
- ***Record Year-to-Date Bookings* of $4.11 billion, up 28.4%, including 18.9% organic growth**
- ***Record Year-to-Date Sales* of $3.30 billion, up 24.5%, including 14.8% organic growth**
- **Significant *Gross Margin Improvement*, up 220 basis points to 35.4%**
- **Continued *SG&A Reduction* as a percentage of sales, down 140 basis points to 22.1%**
- **Increased *Consolidated Operating Margin*, up 340 basis points to 13.7%**
- **Drove strong Q3 *Ending Backlog* of $3.08 billion**

Record Bookings and Continued Operational Excellence Positions Flowserve Well for 2009

Q3 – Consolidated Financial Results

($ millions)

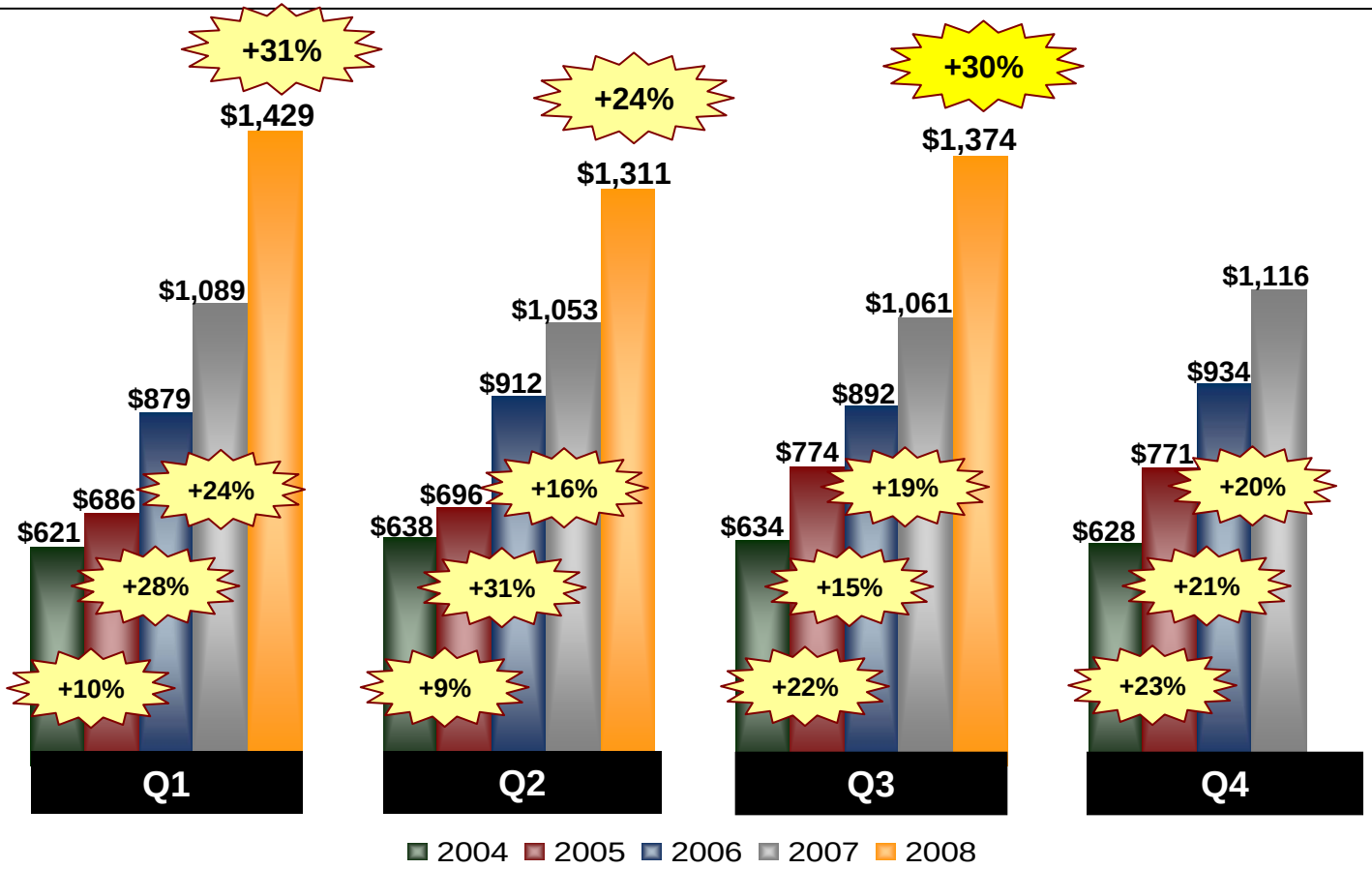
	3rd Quarter			Year-to-Date		
	2007	2008	Delta	2007	2008	Delta
Bookings	$ 1,061.0	$ 1,373.5	29.5%	$ 3,203.1	$ 4,113.4	28.4%
Sales	$ 919.2	$ 1,153.6	25.5%	$ 2,653.3	$ 3,304.5	24.5%
Gross Profit	$ 313.6	$ 404.9	29.1%	$ 881.5	$ 1,168.7	32.6%
Operating Income	$ 108.2	$ 163.6	51.2%	$ 272.6	$ 453.9	66.5%
Operating Margin (%)	11.8%	14.2%	240 bps	10.3%	13.7%	340 bps
Net Earnings	$ 63.1	$ 117.0	85.4%	$ 159.9	$ 328.0	105.1%
Diluted EPS*	$ 1.10	$ 2.04	85.5%	$ 2.79	$ 5.71	104.7%

** As of 9/30/08, 1.1 million shares had been repurchased in conjunction with the company's previously announced $300 million share buyback program*

Record Third Quarter Bookings, Sales, Op Margin and EPS

Strong Bookings Growth

($ millions)

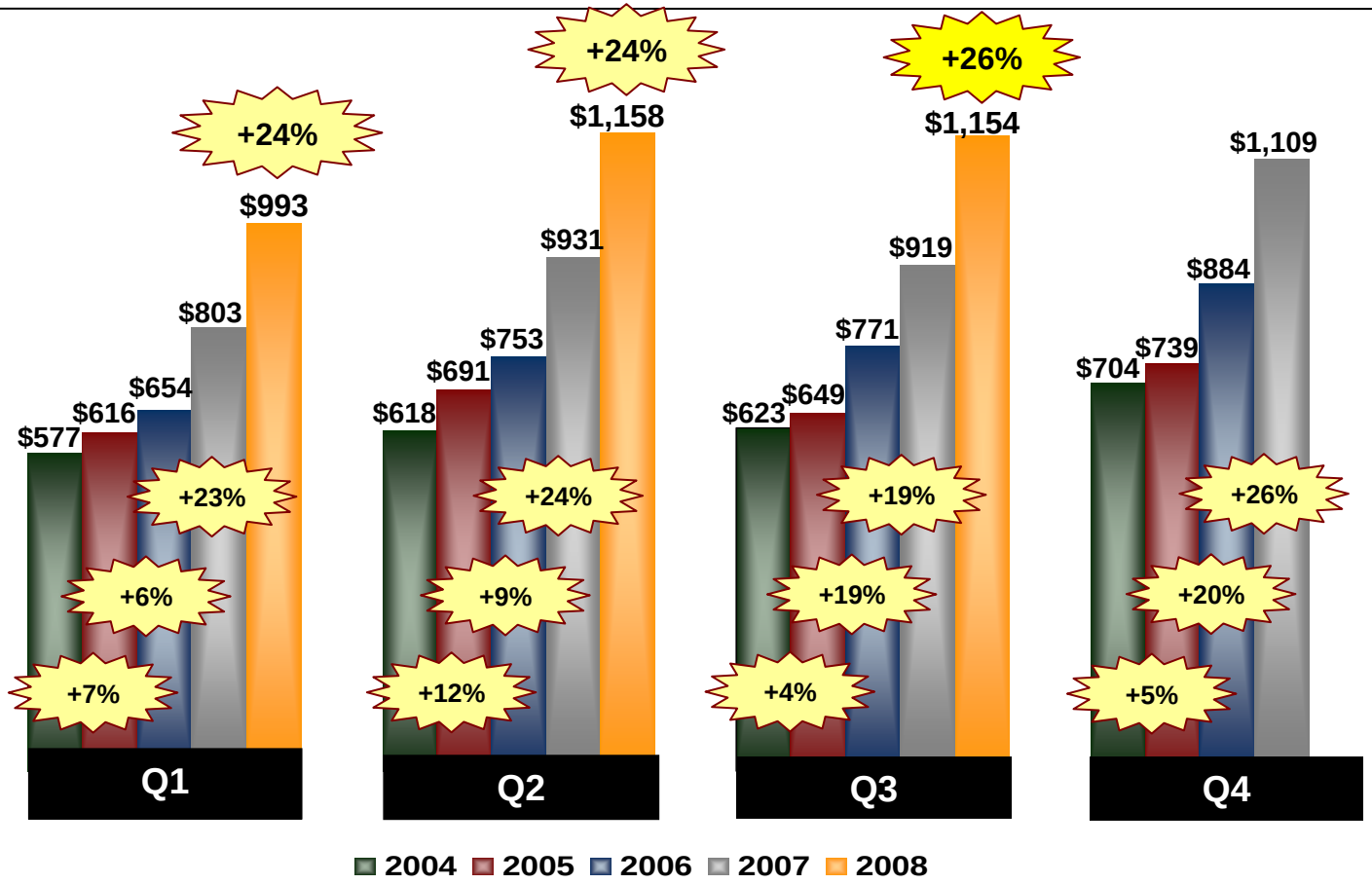


** Q3 2008 bookings included currency benefit of approximately $53 million and Niigata Worthington acquisition bookings of $22 million compared to Q3 2007*

Continued Strong Organic Bookings Growth, Up 22% in Q3 2008

Strong Sales Growth

($ millions)



** Q3 2008 sales included currency benefit of approximately $47 million and Niigata Worthington acquisition sales of $18 million compared to Q3 2007*

Continued Strong Organic Sales Growth, Up 18% in Q3 2008

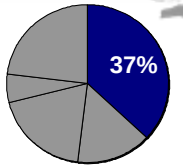
Market Outlook

What Drives Long Cycle Global Infrastructure Investments?

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

Government Funding Often Available for Infrastructure Spending in Developing Markets

Market Perspective – Oil & Gas



Flowserve 3Q08 YTD Bookings Split

Industry Market in $Billions for Pumps, Valves & Seals

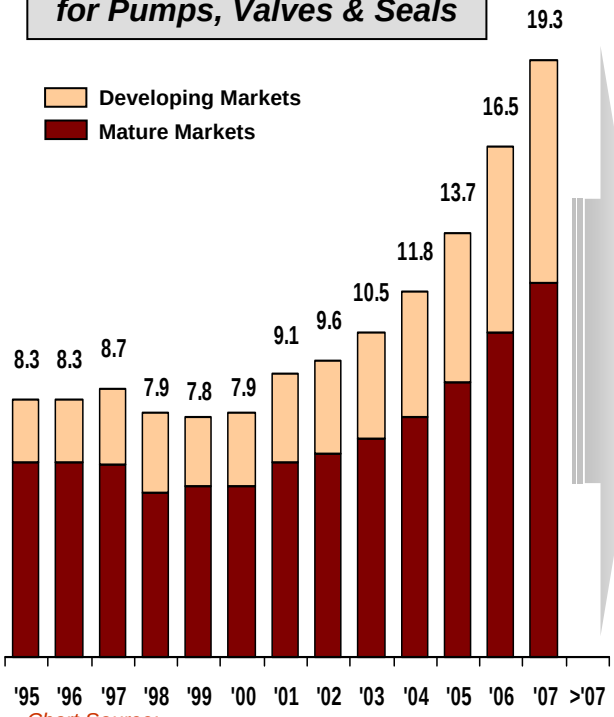


Chart Source:
European Industrial Forecast adjusted to nominal dollars

Recent Announcements:

- ✓ Petrobras to Build its Largest Refinery (600,000 BBL/d) in Northeastern Brazil…. Petrobras will invest a total of $20 billion in the project *[Industrial Info Resources (IIR) Nov 10, 08]*
- ✓ …. Saudi Aramco, the world's top oil exporter, is on track to boost capacity to 12 million barrels per day by mid-2009…. *[Reuters Nov 9, 08]*
- ✓ China's top offshore oil and gas producer CNOOC Ltd. has not yet been affected by the global financial crisis, but could begin to feel more pressure if the crisis worsens… *[Reuters Nov 7, 08]*
- ✓ International Energy Agency sees oil above $100, recognizes supply limit … investment of more than $26 trillion will be needed in the next 20 years to offset the impact of falling supply at aging oilfields and ensure the world has enough energy… *[Reuters Nov 6, 08]*
- ✓ Conoco, Aramco delay Yanbu Refinery Construction - The current bidding process to build the export refinery will be delayed from the fourth quarter of 2008 to the second quarter of 2009….. *[Reuters Nov 6, 08]*
- ✓ Tesoro's Profit Jumps Fivefold to $259 Million as Lower Crude Oil Prices Boost Refining Margins *[IIR Oct 31, 08]*
- ✓ Valero Delays Projects for Major Maintenance Turnarounds and Reduces Capital Spending by Nearly $2 Billion Through 2009 *[IIR Oct 30, 08]*

Despite Short Term Disruptions, the Oil & Gas Industry Continues to Forecast Long Term Opportunity on a Global Scale

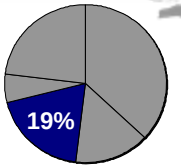
Flow Control Opportunities Based on Long Term View of Oil Demand

	UPSTREAM	MIDSTREAM	DOWNSTREAM	CHEMICAL	POWER	GENERAL INDUSTRIES
	Production	Transportation	Refining and Processing			
Market Price per Barrel of Oil	Alternative Fuels, Conventional and Complex Oil Recovery Investment Conventional Oil Recovery Investment Challenges Investments	Pipeline Investment To Reduce Transportation Costs -------- Security Issues Challenges Investments	Tight "Crack Spreads" Reduces Investment Acceptable "Crack Spreads" Increases Investments Challenges Investments	High Operating & Feedstock Costs Reduce Profitability Alternative Feedstock Investment Facilities Built Near Feedstock Improved Profitability Challenges Alternative Feedstock Investments		

Optimally Priced Oil

Long Term Investments Not Driven by Spot Prices

Market Perspective – Chemical



Flowserve 3Q08 YTD Bookings Split

Industry Market in $Billions for Pumps, Valves & Seals

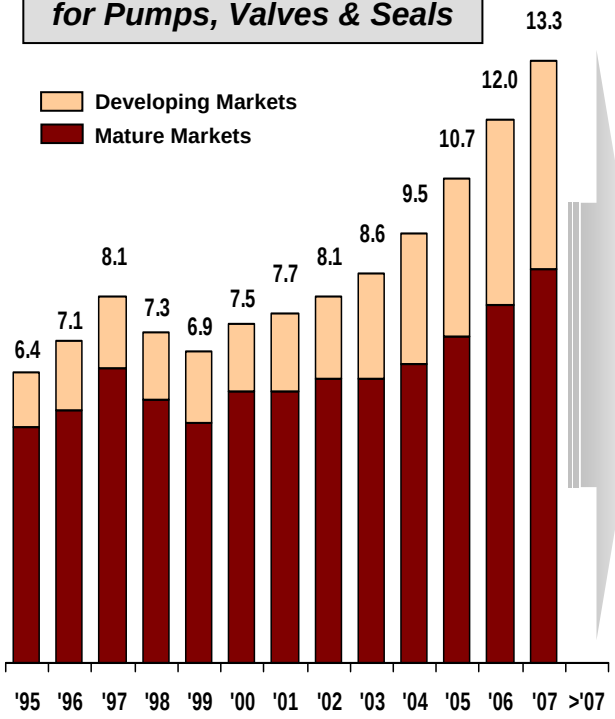


Chart Source:
European Industrial Forecast adjusted to nominal dollars

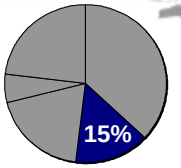
Recent Announcements:

- ✓ North American chemical plant maintenance turnaround spending is set to increase sharply in 2009 – currently 375 projects worth $1.2 billion in investment scheduled *[IIR Nov 6, 08]*
- ✓ Strong Third-Quarter Earnings Will Help Support a Healthy Long-Term Outlook for the Chemical Processing Industry *[IIR Nov 4, 08]*
- ✓ Sinopec Begins Construction of Largest Petrochemical Base in Central China - The project involves building new facilities and renovating old ones *[IIR Oct 29, 08]*
- ✓ Industrial Gases to Remain One of the Largest Growth Segments of the CPI in 2009 *[IIR Oct 22, 08]*
- ✓ China Guodian to Invest $15.8 Billion for Chemical Projects in Ningxia Region *[IIR Sept 10, 08]*
- ✓ The Indian composite industry is expected to grow at a rate of 25% during the next four to five years – '05-'06 production of 110,000 tons is expected to rise to 188,370 tons by 2010 *[IIR Sept 24, 08]*
- ✓ Construction of $8.9 Billion of North American Coal Gasification Projects Planned for 2009 *[IIR Sept 22, 08]*

The Chemical Industry Continues to Provide Opportunity in Capital and Maintenance

Market Perspective – Power

Flowserve 3Q08 YTD Bookings Split



Industry Market in $Billions for Pumps, Valves & Seals

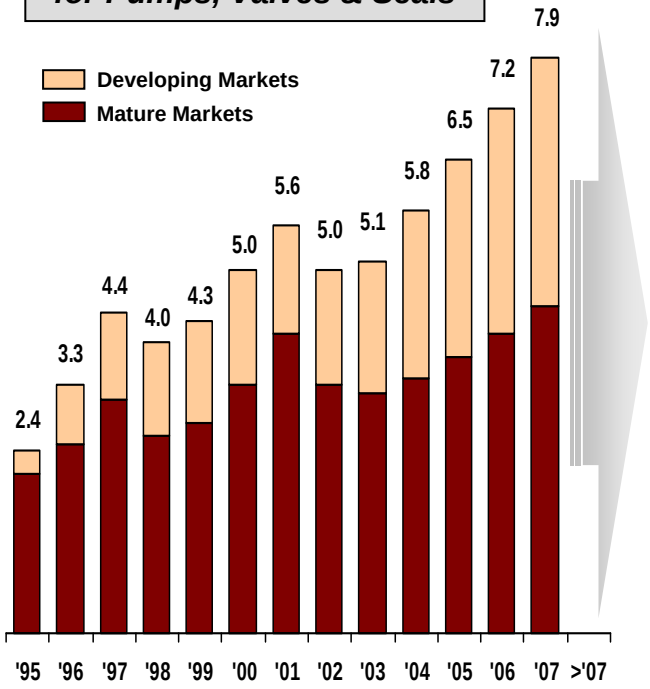


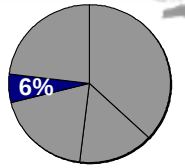
Chart Source:
European Industrial Forecast adjusted to nominal dollars

Recent Announcements:

- ✓ NDRC (National Development and Reform Commission - China) Approves Two Projects for 1,000-Megawatt Ultra-Supercritical Coal-Fired Units *[IIR Nov 10, 08]*
- ✓ The US Utility Industry will have to invest $1.5 – 2.0 Trillion between 2010 and 2030 to maintain current levels of reliable energy services… *[Financial Times Nov 3, 08]*
- ✓ India Taps into Buyers' Market to Fuel its 40,000-Megwatt Nuclear Power Program - India is planning to add 40,000 megawatts (MW) of nuclear power generation capacity by 2020 *[IIR Nov 7, 08]*
- ✓ North American Coal-Fired generation projects totaling $49 Billion planned for 2009 *[IIR Sept 30, 08]*
- ✓ Report on Indian Power Sector Calls for Immediate Action on Power Deficit - Government has allocated $95 billion to meet the increased demand *[IIR Sept 24, 08]*
- ✓ India has increased its target of additional power generation over the next five years from 79 gigawatts (GW) to 90 GW *[IIR Sept 23, 08]*
- ✓ China raises 2020 nuclear power generation target to 70 GW from 60 GW. Current nuclear grid capacity is 10 GW *[IIR Aug 11, 08]*

The Power Industry Continues to Show Opportunity even with Economic Concerns

Market Perspective – Water



Flowserve 3Q08 YTD Bookings Split

Industry Market in $Billions for Pumps, Valves & Seals

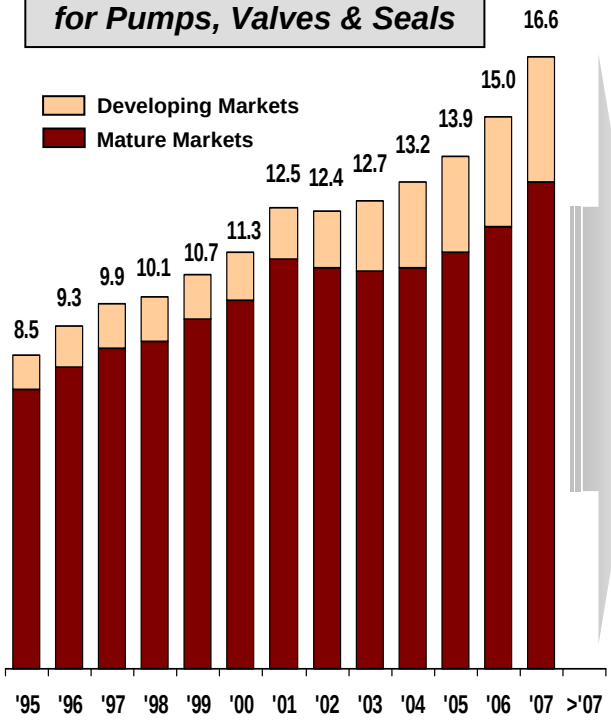


Chart Source:
European Industrial Forecast adjusted to nominal dollars

Recent Announcements:

- ✓ The U.S. alone will require an estimated $300 billion - $1 trillion in water infrastructure upgrades *[Times Online June 2008]*
- ✓ The GCC *(Gulf Cooperative Council)* will require $20 billion by 2015 in new desalination capacity to meet demand *[steelguru.com Sept 8, 08]*
- ✓ "Blue Book" predicts € 67 billion of investment in the Italian water sector over the next 30 years *[Global Water Intelligence Aug 8, 08]*
- ✓ More seawater RO (reverse osmosis) capacity is now under construction than at any time before. Large-scale projects are underway in most regions of the world. *[Water Desalination Report Sept 29, 08]*
- ✓ Spending on new water infrastructure across both developed and developing countries needs to more than double from its current level of an estimated $80 billion annually to $180 billion annually over the next 15-20 years *[Morgan Stanley Emerging Markets Infrastructure April 2008]*
- ✓ Capital investment in the desalination industry is projected to total more than $56 billion in next 7 years *[Global Water Intelligence Dec 2007 Report]*

(*) Source: steelguru.com reported referencing a March 2008 "Research & Markets" Report – "Power and Water in the GCC: the Struggle to Keep Supplies Ahead of Demand"

Water Market Continues to See Increasing Investment in Desalination

"Be Prepared"

OPERATIONAL EXCELLENCE STRATEGIC INITIATIVES

- *Moving Strategic Sourcing, Subassembly Production and Final Assembly to Low Cost Countries*
- *Hiring Temporary Employees where Practical*
- *Using Multiple Shifts vs. "Brick & Mortar"*
- *Integrating our Global ERP Systems*
- *Developing a Global Engineering Platform*
- *Expanding our India Research & Engineering Centers*
- *Adding New Automated Machining Centers Worldwide*
- *Driving Further SG&A Reductions*
- *Accelerating Continuous Improvement Programs*

These Initiatives Along With Our Growth Strategies Position the Company For All Phases of Business Cycles

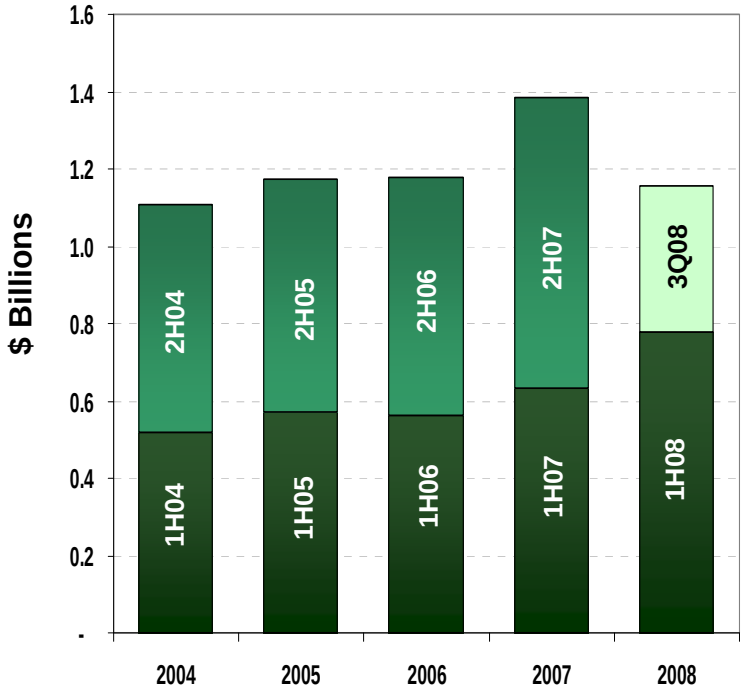
Major Project Wins Around the World



Customers Continue to Demonstrate Long Term Trust in Flowserve

Investment for Continued Global Aftermarket Growth

Aftermarket Revenues



FACTORS EFFECTING SUSTAINABLE AFTERMARKET:

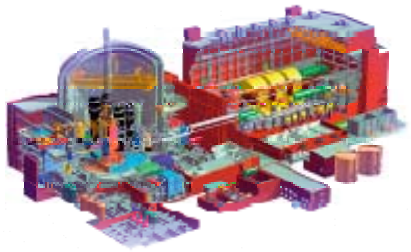
1) Quick Response Centers (QRC) Near Customers
2) Keeping Fuel Available, Electricity "On" & Water Flowing
3) Large Installed Base Worldwide
4) New Projects Coming Off Warranty Coverage
5) Spares Contracts

ADDITIONAL OPPORTUNITIES:

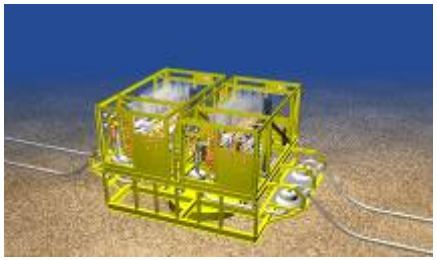
1) Owners' Outsourcing of Service
2) Servicing Competitors' Products
3) Displacing Replicators or "Pump Pirates"
4) System Optimization
5) Lifecycle Advantage Agreements for System Availability

Global Aftermarket Continues to Provide Growth Opportunities Through All Phases of the Business Cycle

Investment for Research & Development



Nuclear Power Generation



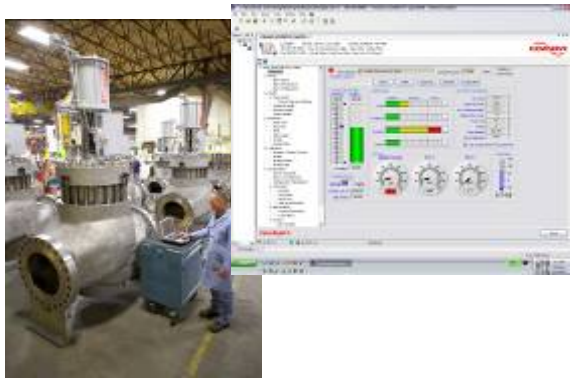
Subsea Oil & Gas Recovery



Desalination Expansion



Intelligent Pump Systems
IPSTM



Intelligent Valve System
ValveSight ®

Collaboration with Customers Optimizes Strategic Investments in Technology

Investments in Alternative Energy Solutions

Alternative Energy Markets

Currently Served Markets



Clean Coal – Coal to Liquids & Coal Gasification



Solar Power



Bio-Technology



Gas Fuel Compression Liquefied Natural Gas (LNG)

Target 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

In Closing, History Tells Us …

… There Are Business Cycles … But …

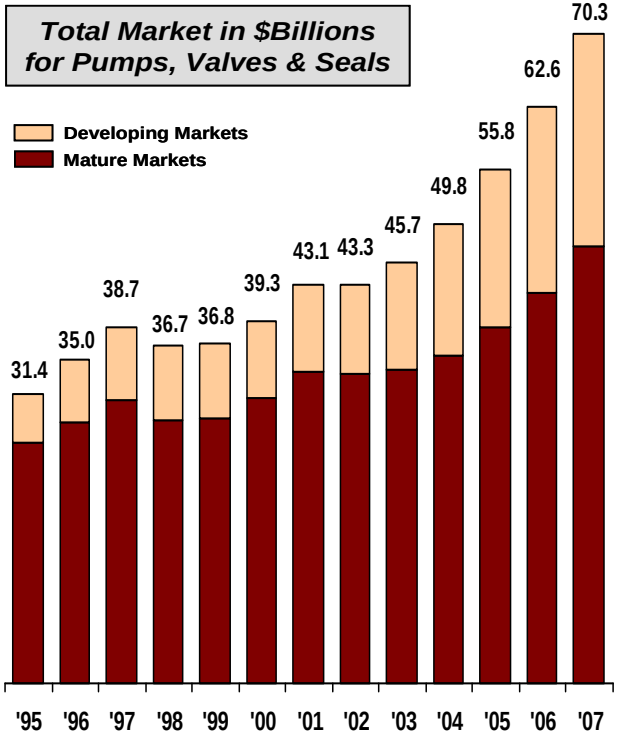


Chart Source: European Industrial Forecast adjusted to nominal dollars

- There is continued Infrastructure Investment
- Aftermarket spend must continue in order to keep:

Oil & Gas Flowing	Water Available	Chemicals Available	Electricity "On"

- Customers will select Suppliers who:
  - ✓ *Deliver on Time*
  - ✓ *Deliver a Working Product*
  - ✓ *Support all Products in the Field*

Strong Companies Perform Well During All Phases of Business Cycles

Financial Update

Key Financial Highlights

- ***Credit Markets***
  - ✓ *Flowserve has a durable capital structure*
  - ✓ *Continuing to monitor customers, financial relationships, counter parties and suppliers*
- ***Aftermarket***
  - ✓ *Continued strong execution on our aftermarket strategies, driving market share gain*
  - ✓ *Strong growth in Flowserve's AM business YTD with bookings up approximately 17%, including 20% bookings growth YTD for FPD*
- ***Continued Strong Operating Margin Expansion of 340 bps YTD Driven by:***
  - ✓ *Operational excellence, higher end product sales, improved pricing and volume leverage, resulting in improved gross margin of 220 bps YTD*
  - ✓ *Cost containment, operational excellence and volume leverage resulting in a reduction in SG&A of 140 bps YTD*
- ***Tax***
  - ✓ *Net benefits from tax items of $0.22 in Q3 2008 and $0.38 YTD*
  - ✓ *As of October 28th, estimate full year tax rate of approximately 25%, which is at low end of previous guidance of 25%-27%*

Key Financial Highlights

- ***Strong cash flow generation from operations in Q3 2008 of $173 million***
- ***Currency***
  - ✓ *About two-thirds of our business is international and we use forward currency contracts to hedge future cash flows*
  - ✓ *First half 2008 currency benefit based on the strengthening of many foreign currencies, most notably the move of the EUR from 1.46 at 12/31/07 to 1.57 at 7/31/08*
  - ✓ *Recent dramatic USD strengthening against all of Flowserve's significant currencies creates a significant impact*
  - ✓ *July guidance based on approximately 1.57 EUR for second half 2008; actual rates for Q3 2008 and current spot rates for Q4 2008 drive an adverse currency impact of approximately $0.60 for second half 2008, including an estimate of approximately $0.40 in Q4 2008*
  - ✓ *Weakening of foreign currency provides the benefit of making our international operations more competitive in the global arena*

As of October 28th, Expect EPS Target at or Around Upper End Of Previously Announced Range of $7.20 to $7.50

Q3 – Consolidated Financial Results

($ millions)

	3rd Quarter				Year-to-Date			
	2007	2008	Delta ($)	Delta (%)	2007	2008	Delta ($)	Delta (%)
Bookings	$ 1,061.0	$ 1,373.5	$ 312.5	29.5%	$ 3,203.1	$ 4,113.4	$ 910.3	28.4%
Sales	$ 919.2	$ 1,153.6	$ 234.4	25.5%	$ 2,653.3	$ 3,304.5	$ 651.2	24.5%
Gross Profit	$ 313.6	$ 404.9	$ 91.3	29.1%	$ 881.5	$ 1,168.7	$ 287.2	32.6%
Gross Margin (%)	34.1%	35.1%		100 bps	33.2%	35.4%		220 bps
SG&A	$ 210.1	$ 244.7	$ 34.6	16.5%	$ 623.3	$ 728.7	$ 105.4	16.9%
SG&A (%)	22.9%	21.2%		(170 bps)	23.5%	22.1%		(140 bps)
Income from Affiliates	$ 4.8	$ 3.4	$ (1.4)	(29.2%)	$ 14.3	$ 13.9	$ (0.4)	(2.8%)
Operating Income	$ 108.2	$ 163.6	$ 55.4	51.2%	$ 272.6	$ 453.9	$ 181.3	66.5%
Operating Margin (%)	11.8%	14.2%		240 bps	10.3%	13.7%		340 bps
Interest Expense, net	$ 14.4	$ 10.9	$ (3.5)	(24.3%)	$ 42.7	$ 32.1	$ (10.6)	(24.8%)
Other Income / (Expense), net	$ 1.2	$ (8.7)	$ (9.9)	(825.0%)	$ 2.2	$ 8.4	$ 6.2	281.8%
Tax Expense	$ 32.0	$ 26.9	$ (5.1)	(15.9%)	$ 72.2	$ 102.2	$ 30.0	41.6%
Net Earnings	$ 63.1	$ 117.0	$ 53.9	85.4%	$ 159.9	$ 328.0	$ 168.1	105.1%
Diluted EPS*	$ 1.10	$ 2.04	$ 0.94	85.5%	$ 2.79	$ 5.71	$ 2.92	104.7%

** As of 9/30/08, 1.1 million shares had been repurchased in conjunction with the company's previously announced $300 million share buyback program*

Continued Record Financial Performance

Flowserve Pump Division – Q3 Segment Results

($ millions)

	3rd Quarter				Year-to-Date			
	2007	2008	Delta ($)	Delta (%)	2007	2008	Delta ($)	Delta (%)
Bookings	$ 594.9	$ 858.3	$ 263.4	44.3%	$ 1,869.3	$ 2,484.9	$ 615.6	32.9%
Sales	$ 496.4	$ 639.2	$ 142.8	28.8%	$ 1,440.3	$ 1,833.5	$ 393.2	27.3%
Gross Profit	$ 147.9	$ 194.8	$ 46.9	31.7%	$ 408.9	$ 575.5	$ 166.6	40.7%
Gross Margin (%)	29.8%	30.5%		70 bps	28.4%	31.4%		300 bps
SG&A	$ 80.1	$ 96.0	$ 15.9	19.9%	$ 237.1	$ 296.4	$ 59.3	25.0%
SG&A (%)	16.1%	15.0%		(110 bps)	16.5%	16.2%		(30 bps)
Income from Affiliates	$ 1.1	$ 0.5	$ (0.6)	(54.5%)	$ 4.0	$ 2.1	$ (1.9)	(47.5%)
Operating Income	$ 68.9	$ 99.3	$ 30.4	44.1%	$ 175.9	$ 281.2	$ 105.3	59.9%
Operating Margin (%)	13.9%	15.5%		160 bps	12.2%	15.3%		310 bps

Strong Q3 Bookings, Sales, Gross Margin and Operating Margin

Flowserve Pump Division – Q3 Segment Results

($ millions)

		3rd Quarter				Year-to-Date			
		2007	2008	Delta ($)	Delta (%)	2007	2008	Delta ($)	Delta (%)
Bookings Mix	OE	370	593	223	60%	1,195	1,676	481	40%
		62%	69%			64%	67%		
	AM	225	265	40	17%	674	809	135	20%
		38%	31%			36%	33%		
Sales Mix	OE	288	409	121	42%	854	1,103	249	29%
		58%	64%			59%	60%		
	AM	208	230	22	11%	586	731	145	24%
		42%	36%			41%	40%		

600 bps shift in OE sales

Significant Growth in Both OE and AM

Flow Control Division – Q3 Segment Results

($ millions)

	3rd Quarter				Year-to-Date			
	2007	2008	Delta ($)	Delta (%)	2007	2008	Delta ($)	Delta (%)
Bookings	$ 324.0	$ 367.6	$ 43.6	13.5%	$ 948.1	$ 1,187.0	$ 238.9	25.2%
Sales	$ 295.0	$ 365.2	$ 70.2	23.8%	$ 848.7	$ 1,035.7	$ 187.0	22.0%
Gross Profit	$ 101.1	$ 132.5	$ 31.4	31.1%	$ 295.6	$ 371.6	$ 76.0	25.7%
Gross Margin (%)	34.3%	36.3%		200 bps	34.8%	35.9%		110 bps
SG&A	$ 61.9	$ 73.0	$ 11.1	17.9%	$ 181.9	$ 211.6	$ 29.7	16.3%
SG&A (%)	21.0%	20.0%		(100 bps)	21.4%	20.4%		(100 bps)
Income from Affiliates	$ 1.9	$ 1.5	$ (0.4)	(21.1%)	$ 4.9	$ 6.9	$ 2.0	40.8%
Operating Income	$ 41.1	$ 61.0	$ 19.9	48.4%	$ 118.6	$ 166.9	$ 48.3	40.7%
Operating Margin (%)	13.9%	16.7%		280 bps	14.0%	16.1%		210 bps

Continued Strong Q3 Operating Results

Flow Solutions Division – Q3 Segment Results

($ millions)

	3rd Quarter				Year-to-Date			
	2007	2008	Delta ($)	Delta (%)	2007	2008	Delta ($)	Delta (%)
Bookings	$ 159.4	$ 173.0	$ 13.6	8.5%	$ 438.4	$ 513.7	$ 75.3	17.2%
Sales	$ 140.7	$ 170.9	$ 30.2	21.5%	$ 404.4	$ 495.5	$ 91.1	22.5%
Gross Profit	$ 64.5	$ 77.7	$ 13.2	20.5%	$ 182.9	$ 223.3	$ 40.4	22.1%
Gross Margin (%)	45.8%	45.5%		(30 bps)	45.2%	45.1%		(10 bps)
SG&A	$ 35.9	$ 46.4	$ 10.5	29.2%	$ 107.0	$ 131.9	$ 24.9	23.3%
SG&A (%)	25.5%	27.2%		170 bps	26.4%	26.6%		20 bps
Income from Affiliates	$ 1.8	$ 1.4	$ (0.4)	(22.2%)	$ 5.4	$ 5.1	$ (0.3)	(5.6%)
Operating Income	$ 30.4	$ 32.7	$ 2.3	7.6%	$ 81.4	$ 96.6	$ 15.2	18.7%
Operating Margin (%)	21.6%	19.1%		(250 bps)	20.1%	19.5%		(60 bps)

Investment in QRC Expansion Is Supporting Growth in Bookings and Sales

Q3 Primary Working Capital

Balances for Quarter-End Periods as a % of Trailing Twelve Months Sales

($ millions)

($Mil)	Q3 2007 $	Q3 2007 %	12/31/07 $	12/31/07 %	Q3 2008 $	Q3 2008 %
Receivables*	705	19.9%	667	17.7%	912	20.7%
Inventory	730	20.6%	680	18.1%	859	19.5%
Payables	(413)	(11.7%)	(513)	(13.6%)	(471)	(10.7%)
Primary Working Capital**	**1,022**	**28.8%**	**834**	**22.2%**	**1,300**	**29.5%**
Advance Cash***	(236)	(6.7%)	(252)	(6.7%)	(386)	(8.7%)
Total	**786**	**22.1%**	**582**	**15.5%**	**914**	**20.8%**
Backlog	**2,269**		**2,277**		**3,076**	

** Q3 2008 YTD included impact of receivable factoring elimination of approximately $68 million*

*** Q3 2008 YTD included impact of $24 million primary working capital related to Niigata Worthington acquisition*

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

Improving Working Capital Efficiency

Q3 Cash Flows

($ millions)

	Q1	Q2	Q3	Year-to-Date	
	2008	2008	2008	2007	2008
Net Income	88	123	117	160	328
Depreciation and Amortization	21	21	21	58	63
Increase in Working Capital*	(272)	(116)	70	(173)	(318)
Other**	(9)	(34)	(35)	-	(78)
Total Operating Activities	**(172)**	**(6)**	**173**	**45**	**(5)**
Capital expenditures	(14)	(23)	(36)	(61)	(73)
Other	1	3	6	4	10
Total Investing Activities	**(13)**	**(20)**	**(30)**	**(57)**	**(63)**
Net borrowings under lines of credit	-	-	-	58	-
Dividends	(9)	(14)	(14)	(17)	(37)
Proceeds of debt or other	8	10	4	3	22
Repurchase of common shares	-	(35)	(100)	(45)	(135)
Proceeds from stock option activity	8	2	1	13	11
Total Financing Activities	**7**	**(37)**	**(109)**	**12**	**(139)**
Effect of exchange rates	**6**	**2**	**(18)**	**4**	**(10)**
Net Increase / (Decrease) in Cash	**(172)**	**(61)**	**16**	**4**	**(217)**

** Q3 2008 included $1 million impact of receivable factoring elimination; 2008 YTD included $68 million impact of receivable factoring elimination and $24 million of primary working capital impact related to Niigata Worthington acquisition*

*** 2008 YTD included $50 million optional contribution to U.S. pension plan*

Strong Q3 Balance Sheet

($ millions)

As of 9/30/08	Facility Size	Drawn Amount	LC's Written	Available	Maturity Date	Highlights
Term Debt	$ 551	$ 551	$ -	$ -	Aug 2012	Interest Rate LIBOR + 150 bps
Revolver	$ 400	$ -	$ 95	$ 305	Aug 2012	Interest Rate LIBOR + 87.5 bps Bank of America - Lead Bank
Cash				$ 154		
European LC Facility	€ 110	€ -	€ 87	€ 23	Sept 2009	Renewed and Expanded Sept 2008
Approximate $ Available from All Sources				**$ 491**	**Calculation to $US spot rate of 1.41 per EUR**	

Limited Interest Rate Risk

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

Received Rating Upgrade from Standard & Poor's in September

- *Raised to BB/positive outlook from BB-/positive outlook*

Strong Balance Sheet Provides Financial Flexibility

FY 2008 Outlook

Drivers of EPS Growth

Traction on Key Initiatives

Gross Margin

- Business Segment Mix (-)
- OE/ Aftermarket Mix (-)
- Material Price Increase (-)
- Volume Leverage (+)
- Low Cost Sourcing (+)
- Organic Sales Growth (+)
- End User Strategy (+)
- Operational Excellence (+)
- Pricing (+)

SG&A

- Reduced Compliance Costs (-)
- Tight HC Mgmt (-)
- Division SG&A Red'n (-)
- Scaling on Corp. Overhead (-)
- OE/AM & Segment mix (-)
- ERP Implementation (+)
- Selling Exp. Tied to Strong Bookings (+)

Negative impact | Positive impact

Tax Rate

As o Oct. 28th Estimated effective tax rate of approx 25% At low end of previous guidance range

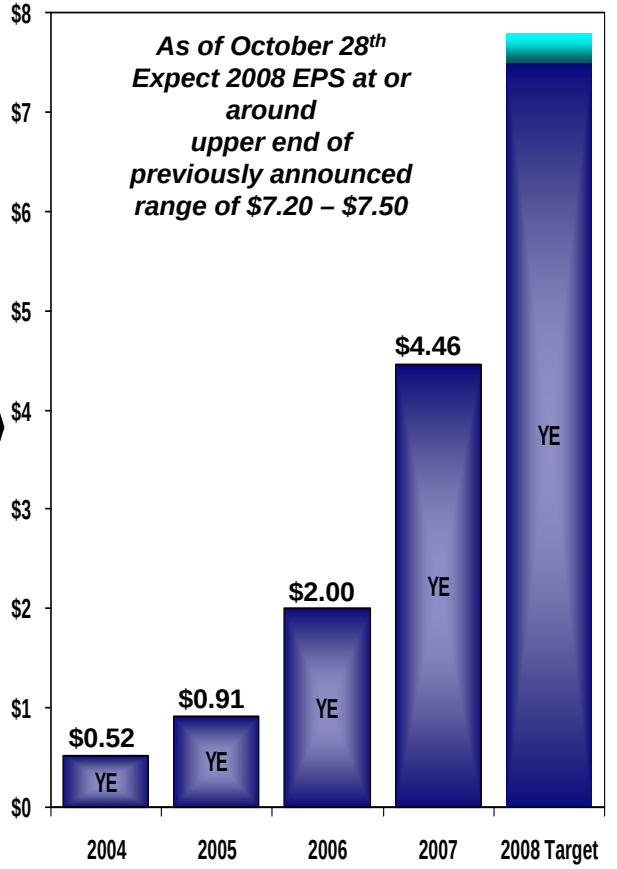
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Guidance assumes average Q4 2008 at rate of approx EUR 1.27

(-)

EPS Improvement



Looking Forward

- *As of October 28th, expect 2008 EPS target at or around upper end of previously announced range of $7.20 to $7.50*
- *Continued focus on driving strong end-user aftermarket strategy and taking share*
- *Driving continued cost containment*
- *Maintain strong balance sheet, available capacity and financial flexibility*
- *As of October 28th, expect FY 2008 effective tax rate of approximately 25% or less going forward in 2008, at low end of previously communicated guidance range*
- *Execution remains biggest key to success*

Maintain Positive Outlook on Business Opportunities and Execution Capabilities



Questions and Answers