



A Leader in Global Infrastructure

2008
ANNUAL
REPORT

Experience In Motion

To Our Shareholders:

"A Leader in Global Infrastructure" is our theme for this annual report. It highlights our outstanding performance in 2008 through our support of critical infrastructure projects around the world. As a key provider of products and services for a variety of industries, we were honored this year to be added to the select membership of the S&P 500 Index. Now into our second decade under the Flowserve banner and supported by a heritage of more than 200 years, being a leader in global infrastructure is a position of which we are proud and strive daily to maintain.

As a leading manufacturer and aftermarket service provider of comprehensive flow control systems, Flowserve continued in 2008 to expand our presence supporting infrastructure initiatives around the world. Our dedication toward global leadership in our industry drove us to another year of record-setting performance across several key operating measurements. These results and returns for our shareholders were driven by a dedicated and focused workforce of more than 15,000 associates in more than 55 countries.

Flowserve global leadership was again focused around our clearly articulated identity statement and key strategies. We continue to develop and manufacture precision-engineered flow control equipment — primarily pumps, valves, and seals — for critical service applications in the oil and gas, power generation, chemical, water, and general industry markets. This strategy emphasizes industry diversity and geographic breadth to mitigate the impact of normal economic downturns in any one of the industries or parts of the world we serve.

The backbone of our global manufacturing and service platform remains our Quick Response Centers (QRCs). Now totaling more than 150 QRCs worldwide, in 2008 we opened new or expanded facilities in India, Russia, Norway, Malaysia, New Zealand, Canada, as well as other strategically important markets.

Globalization highlights centered on significant agreements with some of our largest customers around the world. We signed a 10-year strategic supplier agreement with Saudi Aramco to supply our entire range of flow control products and value-added services for use in their existing and planned facilities. Flowserve also completed a strategic cooperation agreement to be the preferred vendor to China Petroleum & Chemical Corporation (Sinopec), and finalized an exclusive relationship with Petrobras at one of the largest refineries in Brazil — our first alliance with a national oil company in Latin America.

Also in Brazil, we announced plans to invest more than \$15 million for a new 130,000 square foot manufacturing plant to support the new "mega" oil field discoveries there. We also completed the full purchase of Niigata Worthington, a previously 50/50 Pump Division joint venture in Japan, as well as the development of a new joint venture with The Linde Group in Germany. This initiative features the development of ionic compression

Financial Highlights

FOR THE YEARS ENDED DECEMBER 31,	2008	2007	2006	2005	2004
Operating Data (Amounts in thousands*)					
Sales	\$ 4,473,473	\$ 3,762,694	\$ 3,061,063	\$ 2,695,277	\$ 2,522,489
Gross Profit	1,580,312	1,247,722	1,007,302	870,561	763,158
Selling, General and Administrative Expense	(984,403)	(856,501)	(782,503)	(684,271)	(605,145)
Operating Income	612,872	409,916	239,619	198,823	166,079
Cash Flows from Operating Activities	406,025	417,365	163,186	127,445	267,501
Earnings Per Share**	7.74	4.46	2.00	0.91	0.52
Bookings	5,105,719	4,318,734	3,616,993	3,022,280	2,657,404
Financial Ratios					
Return on Average Net Assets	20.3%	13.8%	8.1%	5.6%	5.1%
Net Debt to Net Capital Ratio	6.9%	12.5%	32.6%	40.0%	41.9%
Ending Backlog	2,825,091	2,276,631	1,630,025	994,076	836,380

* Except Earnings Per Share and Financial Ratios percentages

** From Continuing Operations (Diluted)

All monetary figures in the report are calculated in US Dollars.

technology, iKompressor™ and will provide a platform for global business in clean fuel refueling technologies.

To support global infrastructure requirements, we remain focused on our robust product offerings — a lineup supported by a research and development investment of more than \$80 million over the last three years. Further, to provide the highest level of value to our customers, we continue emphasizing our aftermarket and LifeCycle Advantage™ programs. These dedicated approaches strengthen existing customer relationships and deliver improved asset and energy management, plant process flow control, and reduced total cost of equipment ownership.

As always, our commitment to excellence starts from within. In 2008, we continued to focus on our organizational capability by launching and enhancing a number of comprehensive education initiatives. Subjects ranged from ethics and compliance, facility safety, and harassment awareness training, to highly-sophisticated pump reliability, rotating equipment, and certified artisan programs. This approach also extends to our process excellence strategy and continuous improvement process (CIP) initiatives. With more than 1,400 CIP “Green Belts” or “Black Belts” worldwide, we continue to implement processes to reduce engineering and manufacturing time, improve on-time delivery and service response

time, as well as lower inventory levels and reduce costs.

Led by the Flowserve Technology Office, we continue to invest in the exploration and commercialization of new and emerging technologies that enable us to deliver a continuous stream of innovative products. This effort focuses on five major areas: materials science, fluid dynamics, mechanical design, mechatronics, and electronics and software.

Combined, all of these focused efforts have been instrumental in the evolution and strength of the Flowserve brand name. Research reveals that since 2003, the image of Flowserve has evolved favorably. Where we were once viewed almost exclusively as a pump manufacturer, today we benefit from being seen as a comprehensive provider of pumps, valves, and seals — and more importantly, as a trusted partner our customers around the world count on every day.

It is a position we know we must work hard to maintain. But by continuing to execute against our strategies, we will capitalize on global growth opportunities and deepen our relationships with customers to support long-term success. Most importantly, the creativity, energy, and dedication of our employees around the world will help us maintain and expand our place as *A Leader in Global Infrastructure.*



Lewis M. Kling

LEWIS M. KLING
President and Chief Executive Officer

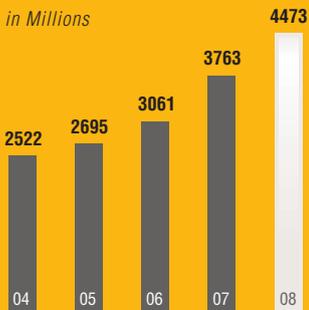


Kevin E. Sheehan

KEVIN E. SHEEHAN
Chairman of the Board

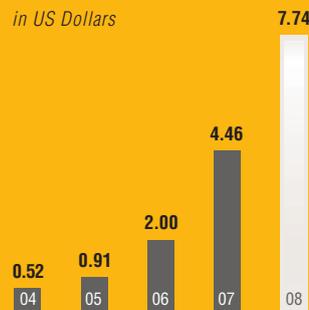
SALES

in Millions



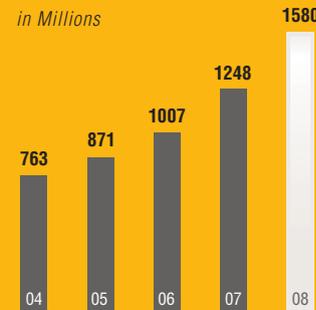
EARNINGS PER SHARE

in US Dollars



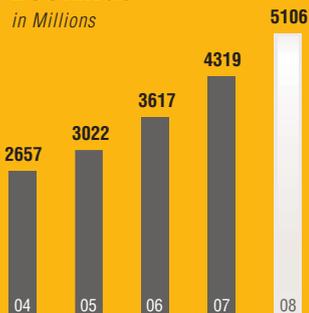
GROSS PROFIT

in Millions



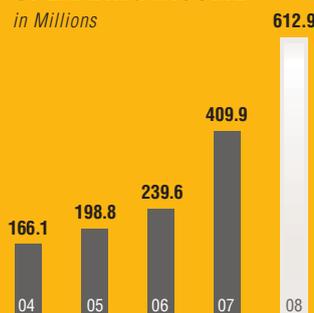
BOOKINGS

in Millions



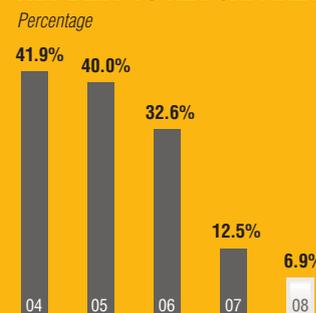
OPERATING INCOME

in Millions



NET DEBT TO NET CAPITAL RATIO

Percentage



A Leader in Global Infrastructure

Defining the Company

Flowserve is a multinational industrial products company that...

Targets major capital projects in the oil and gas, power, chemical, water, and general industries that meet our financial and operational criteria.

Leverages our aftermarket services to reduce our customers' total cost of ownership.

Capitalizes on our global footprint of local expertise.

Utilizes our integrated competencies on a global scale.

Key Strategies

Organic Growth

Strategic Acquisitions

Globalization

Portfolio Management

Process Excellence

Technology/Innovation

Organizational Capability

**Sustainable
Profitable
Growth**



DRIVING LONG-TERM SUCCESS

"Our leadership and strength come from our demonstrated ability to deliver on our core customer requirements, which in turn positions us for long-term success in our industry."

MARK A. BLINN

Senior Vice President, Chief Financial Officer and Latin America Operations



Global Project Wins

Flowserve continued in 2008 to execute our strategy of increasing our presence in all regions of the world, securing new capital projects, and maximizing the resulting aftermarket business opportunities. Our impressive global footprint continued to expand from wins in key geographic regions and in multiple industries. From new and expanded oil refineries and desalination initiatives to thruster and nuclear power plant projects, the Flowserve reputation as a leader in global infrastructure and trusted partner positions us to capitalize on future opportunities worldwide. Just a few examples of project wins around the world include:

FRANCE
Nuclear Power Plant

SPAIN
Refinery Expansion

PORTUGAL
Refinery Project

ALGERIA
Desalination Project

TURKMENISTAN
Desulphurization Project

SAUDI ARABIA
Phenolics Chemical Plant

KENYA
Oil and Gas Expansion

UAE
Crude Oil Pipeline

RUSSIA
Thrusters Project

RUSSIA
Refinery Expansion

RUSSIA
Gas Field Development

INDIA
Refinery Decoking Project

INDIA
Oil Refinery Expansion Project

CHINA
Nuclear Power Projects

MALAYSIA
Deep Water Oil Project

MALAYSIA
Oil and Gas Production

SINGAPORE
Oil and Gas Project

SINGAPORE
Parallel Train Project

VIETNAM
Oil Refinery Construction

KOREA
Nuclear Power Plant

CANADA
Tar Sands Oil Refinery

UNITED STATES
Heavy Oil Upgrade Project

UNITED STATES
Deep Water Oil Project

VENEZUELA
Power Plant

ECUADOR
Oil and Gas Pipeline

BRAZIL
Deep Water Oil Project

CHILE
Power Plant Project

CHILE
Coal Fired Power Stations

TECHNOLOGY AND PROCESS STANDARDIZATION

"By strengthening our focus on advanced technology utilization and process standardization, we are able to improve consistency, lower operating costs, and increase speed to market."

THOMAS E. FERGUSON
*Senior Vice President;
President, Flowserve Pump Division*

CUSTOMER-CENTRIC CULTURE

"We focus on the buying-decision drivers of on-time delivery, product quality, and local service — working very closely with our clients to continually enhance our customer-centric culture."

THOMAS L. PAJONAS
*Senior Vice President;
President, Flow Control Division*



Oil and Gas



Offshore exploration in Brazil and the rest of the world benefits from Flowserve expertise and our portfolio of pumps, valves, seals, and aftermarket services.

Flowserve maintains an enviable reputation as a leading provider of equipment and services for the oil and gas industry. Global investment in exploration and production, as well as refining and transportation, increased in 2008 due to rapid economic growth in developing countries and general demand in the rest of the world. The oil and gas industry represented approximately 39 percent of Flowserve bookings in 2008.

Our established position was influential in securing several major project wins and customer agreements around the world. Flowserve signed a 10-year strategic supplier agreement with Saudi Aramco, which includes our entire range of flow control products and value-added services for use in their existing and planned facilities. We finalized a strategic cooperation agreement with China Petroleum & Chemical Corporation (Sinopec) in which we are now a preferred vendor. Flowserve also received an award to supply pumps to the Abu Dhabi Crude Oil Pipeline project, with an estimated value of between \$85-90 million. We also signed a LifeCycle Advantage™ agreement with Petrobras — our first with a national oil company in Latin America — to provide mechanical seals and services for one of the largest refineries in Brazil.

In the oil industry, Flowserve is well positioned to leverage new opportunities in new technologies for complex recovery such as deep water and oil sands, advancements in refining heavy oil such as ebullators

and decoking, and related aftermarket services. For gas, we will capitalize on the expansion of LNG facilities and distribution systems, which will require highly-engineered cryogenic flow systems, advanced sealing technologies, and aftermarket services.

The outlook for the oil and gas industry is heavily dependent on the demand growth for crude and refined products from both mature and developing geographies. Flowserve is well positioned to leverage this opportunity, particularly in large developing markets such as China and India, where major projects continue to meet ever-increasing local demand.



Flowserve has an established position as a leader in supporting multiple oil and gas projects around the world.

SYSTEM INTEGRATION ADVANTAGES

"Integration of our enterprise applications, developing global engineering platforms, and standardizing our strategic systems promotes efficient sharing of information and faster response times to our customers."

ANDREW J. BEALL
Senior Vice President; Chief Information Officer and President, Flow Solutions Division



TAX COMMITMENTS, COMPLEXITIES, RISKS

"We are able to effectively contribute to creating shareholder value by leading a tax environment that meets our commitments, manages complexities, and mitigates risk."

DEBORAH K. BETHUNE
Vice President of Tax

Power Generation



From new plant construction to environmental upgrades, Flowserve supports a wide range of power generation industries, including coal-fired, gas-fired, hydro, and nuclear.



With long-standing N-stamp capabilities, Flowserve provides important support for the increasing number of nuclear power projects around the world.

The power industry continued to see capital investment growth across all versions of power generation, including coal-fired, gas-fired, hydro, and nuclear. This growth is a result of increased power demands in developing countries, such as China and India, and capacity increases in mature markets, including the United States. The power generation industry accounted for approximately 15 percent of our bookings in 2008.

Flowserve actively participates in all power markets, with significant strength in fossil fuel-based power and nuclear industries. Coal and natural gas fuel more than 50 percent of the world's power plants. During 2008, Flowserve won a significant number of fossil fuel projects, including power plant water circulation through our joint venture in China with Changsha Pump, aftermarket support of approximately 30 upgrade projects in North America, and a significant number of combined cycle orders from areas as diverse as Angola, Algeria, Australia, and Chile. As carbon capture and storage is increasingly utilized, Flowserve is uniquely qualified to supply the equipment and services for this process.

Flowserve received several major contracts in 2008 for equipment applied in nuclear power generation. In China, Flowserve was selected to supply the main steam isolation valves for the first two

Westinghouse Electric Company AP1000™ nuclear power plant projects. Also, the China Nuclear Power Engineer Company selected Flowserve concrete volute pumps for the first phases of both the Hongyanhe and Ningde nuclear power plant projects, an order reported to be approximately \$28 million.

In 2008, we continued to invest in expanding our offerings for the nuclear power generation market, specifically to meet the new requirements for Generation III reactor designs. The outlook for the power industry remains favorable. Going forward, opportunities for Flowserve are in new plant construction, facility operational and environmental upgrades, operational maintenance, and leveraging capabilities in providing products which meet the requirements of the American Society of Mechanical Engineers' Nuclear Code, or 'N-stamp,' accreditation.



INTELLECTUAL CAPITAL

"Capturing the intellectual capital of our diverse workforce and disseminating it throughout the organization allows us to create an industry-leading customer experience and gives us a competitive advantage globally."

MARK D. DAILEY
*Senior Vice President
of Human Resources
and Chief Compliance Officer*



Chemical



Aftermarket infrastructure, specialty products, and materials expertise drives Flowserve worldwide market share in the chemical industry.



Flowserve advanced technology supports chemical plant operational uptime.

The chemical industry supports a broad cross section of industrial processes that touch a significant portion of consumer products. The categories of the chemical market where Flowserve is active include the manufacturing of organic and inorganic chemicals, and pharmaceutical and specialty products such as soaps, cleaners, and healthcare products. The chemical industry accounted for approximately 17 percent of our bookings in 2008.

The Flowserve portfolio of products for the chemical industry is instrumental in supporting customer needs worldwide. We provide both products and ongoing, comprehensive support for our customers to reduce costs and increase plant uptime. In 2008, we earned the Eastman Chemical Company's Supplier Excellence Award for our work in supplying mechanical seals at their South Carolina facility, one of the largest manufacturers of polyethylene terephthalate (PET) polymer in the U.S.

Flowserve enables chemical industry customers to maximize operational performance through advanced technology in self diagnostics. Through the capabilities of IPS Tempo™ and the recently released ValveSight™ solution,

Flowserve delivers the ability for critical valves and pumps to monitor their operational behavior. These solutions help discover potential problems before they occur or even make appropriate adjustments while still in operation, thereby maximizing uptime and asset utilization.

The chemical industry continued its growth investment behavior through much of 2008. While the outlook of the chemical industry is largely dependent on the current global economic cycle, Flowserve will continue leveraging our presence in developing regions. We will utilize our aftermarket infrastructure to support maintenance investments and position our specialty products and materials expertise for market share gains globally.



DRIVING TOP-LINE GROWTH

"We have driven bottom-line improvement through strong top-line growth, constant focus on costs, operating efficiency, portfolio management, low-cost manufacturing, and process standardization."

RICHARD J. GULTINAN
Vice President and
Chief Accounting Officer



Water Resources



Seawater reverse osmosis desalination is just one of the many water industry applications Flowserve supports with advanced products and services.

As the water industry faces supply and demand challenges related to forecasted global population growth, industrialization and urbanization, Flowserve is able to provide reliable and efficient solutions. The water industry accounted for approximately six percent of our bookings in 2008.

Flowserve is well-positioned to deliver the advanced products and services required in the worldwide demand for fresh water. Critical to this need are applications such as desalination — the conversion of salt water to fresh water — and to move large volumes of water from the source to the area where it is needed. Flowserve has supported the desalination industry with products used in thermal and membrane processes for more than 50 years. Investment in desalination is expected to increase significantly in the coming decades in coastal areas around the world, particularly in the Mediterranean and Middle East regions.

To help meet this demand, Flowserve introduced a breakthrough plug valve designed for high-pressure applications in the seawater reverse osmosis (SWRO) desalination industry. The corrosion-resistant Flowserve Durco PlugSeal allows for quick and easy repair without requiring removal of the valve from the process line, or the need for special equipment and specially-trained technicians.

Water requirements are forecasted to drive an estimated \$22 trillion in global water infrastructure build-out over the next 25 years. The growth in demand for potable water and the need for long-distance water transport continue to create opportunities for Flowserve products and services going forward.



Flowserve solutions for the water industry support the significant global infrastructure build-out projected over the next several years.

STRONG BALANCE SHEET VALUE

"In addition to our customer-centric culture, our strong balance sheet positions us well with our clients as they re-evaluate the strength of their supply base in uncertain times."

PAUL W. FEHLMAN

Vice President of Investor Relations, Financial Planning and Analysis and Treasurer

GLOBAL COMPLIANCE

"We have no higher values than legal compliance and ethical behavior in our global operations. We want to be proud of not only what we accomplish, but how we do it."

RONALD F. SHUFF

Senior Vice President and Secretary and General Counsel



General Industry



Flowserve solutions contribute to global growth in both the mining and ore processing and pulp and paper industries.



Utilizing advanced technology, Flowserve products effectively meet the demands of handling slurry and other highly abrasive materials.

General industry comprises a variety of different businesses, including mining and ore processing, pulp and paper, food and beverage, and other industries served by our product portfolio. This also includes sales to our distributors whose end customers operate in many of our target industries. General industry accounted for approximately 23 percent of Flowserve bookings in 2008.

In the mining and ore processing industry, Flowserve has grown our market presence through the addition of product and service offerings specifically designed for handling slurry-type materials. Advancements in sealing technologies and installation techniques have significantly reduced leakage problems for our customers and improved the cost effectiveness of existing operations.

In the pulp and paper industry, several of our heritage brands have enjoyed a long-standing reputation for quality and operational performance in many applications. Our material technology provides effective solutions for the more abrasive and harsh applications common in this industry. In 2008, we introduced a new two-piece trunnion mounted ball valve with a full bore design specifically to address the needs of this industry. The new NAF-Trunnball valve is the result of a

design philosophy focused on functionality, high quality, and low lifecycle costs.

Flowserve supports a number of other industries within this category as diverse as aerospace, agriculture, district heating, and electronics. Despite reduced consumption requirements for many of the general industry categories, we believe that our specialty product offerings and aftermarket service capabilities position Flowserve well through slower economic periods worldwide.



Flowserve specialty products and aftermarket services support the requirements of agriculture and other industries.

A TRUSTED PARTNER

"Our success across our markets and regions around the world demonstrates the long-term trust Flowserve has earned from our customers as a dependable business partner."

KYLE B. AHLFINGER
Vice President and
Chief Marketing Officer



OPERATING AND INVESTMENT DECISIONS

"We continually evaluate our supply chain and operating environment, and are careful to gather internal and external views to support our investment decisions and improve performance."

JERRY L. ROCKSTROH
Senior Vice President of Supply Chain
and Continuous Improvement

Renewable / Alternative Energy



From solar and wind power to geothermal and compressed hydrogen gas fuel, Flowserve products support the global growth in alternative and renewable energy sources.

The utilization of renewable and alternative energy resources is generating increased focus and investment around the world. Flowserve currently supports multiple alternative energy markets including coal-to-liquids and coal gasification, solar power, biotechnology, liquefied natural gas, geothermal, wind power, compressed hydrogen gas fuel, and other innovative opportunities.

Our contributions to renewable and alternative energy sources combine new technologies with historically proven solutions.

As wind farms, both on and offshore, gain popularity around the world, Flowserve provides the pumps required to satisfy the cooling requirements in these applications.

In solar power systems, mirrors heat a transfer fluid like molten salt to heat water into steam to create energy. Leading technology from Flowserve in handling harsh materials, combined with more than 70 years of experience, is being leveraged for multiple solar power projects globally.

Geothermal power is energy generated from heat stored in the earth, or the collection of absorbed heat derived from underground. Flowserve is actively involved in providing flow management solutions to this new alternative energy industry source.

Our joint venture with Germany-based The Linde Group combines Linde's advanced ionic compression technology with Flowserve precision manufacturing expertise, sales, and technical support utilizing our extensive service network. This combination delivers cost-effective and environmentally-friendly natural gas and biogas refueling stations, serving the European Union's move to increase alternative fuel sources for vehicles in the region.



VALUE THROUGH COMMITMENT

"In addition to industry-leading products and services, we generate long-term shareholder value by embracing opportunities and managing risks that emerge from economic, environmental, and social developments worldwide."

LARS E. ROSENE
*Vice President of Public Affairs and
Chief Sustainability Officer*



Flowserve Quick Response Centers



Driving aftermarket growth remained a focus for Flowserve in 2008. Continued expansion of the global QRC network was a key component of this effort.

Now with more than 150 facilities worldwide, Flowserve QRCs are strategically positioned and operated to provide rapid response, fast delivery and onsite field repair for our customers.

In 2008, Flowserve established new QRCs or expanded and enhanced existing facilities in the U.S., India, Russia, Norway, Malaysia, New Zealand, Canada, and other strategically important regions.

Operational efficiency and competency drive the Flowserve QRC model. Through facility standardizations, centralized access to a set of global, best-in-class engineering resources, and a consistent standard of technical expertise, Flowserve QRCs deliver exceptional, highly-personalized customer service. This approach encourages high levels of customer loyalty and enhanced ability to capture market share from our competitors, as well as valuable aftermarket and support opportunities.



Flow Control Division

The Flowserve Flow Control Division (FCD) designs, manufactures, distributes, and services a broad portfolio of industrial valve and automation solutions. With more than 150 years of experience and application expertise, FCD has a global manufacturing base and network of QRCs.

In addition to isolation and control valves, actuation, controls, and related equipment, FCD offers energy management products such as steam traps and condensate recovery systems. FCD products are used to manage the flow of liquids and gases, and are an integral part of any flow control system — frequently custom engineered to perform specific functions within our customers' unique environments.

In 2008, FCD continued to expand global aftermarket services, adding QRCs in Malaysia, India and North America, as well as enhancing onsite refurbishment capabilities of Flowserve Edward and Anchor-Darling Field Service Unit. This team of seasoned technicians, with decades of experience

rebuilding and refurbishing Flowserve valves, offers onsite valve refurbishment along with their extensive knowledge of Flowserve valve rebuilding and training services.

Continuing to demonstrate a leadership position in the safety-related nuclear valve industry, FCD will supply the main steam isolation valves for the first two Westinghouse Electric Company AP1000 nuclear power plant projects in China. In 2008, FCD also earned Nuclear Quality Assurance Level 1 certification. This expansion of nuclear capabilities enables Flowserve valves to be used in the cleanup, or remediation, of contaminated facilities.

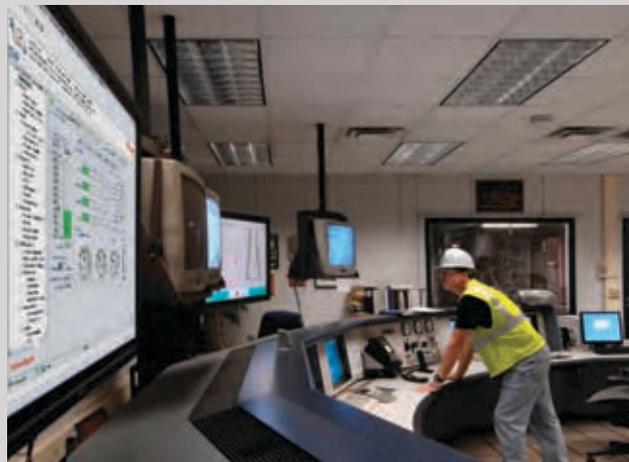
New product introductions were also highlights of 2008. FCD released the Flowserve Valtek® Stealth™, a patented gaseous noise trim that reduces sound pressure levels in the most demanding applications. The Limatorque QX was also introduced, extending the prestigious Limatorque brand into the quarter turn electric actuator market. In addition, FCD introduced a new Device Type Manager (DTM) for the Limatorque MX actuator. The new Profibus DP-V1/PA DTM V 1.0 software significantly reduces commissioning time, maintenance, and related operating costs.

TECHNOLOGY FOCUS

Enhancing the digital integration and interoperability of valve top works (positioners, actuators, limit switches, etc.) remains a technological focus. This led to the introduction of ValveSight, a diagnostic solution for control valves. FCD also launched a new plug valve for the desalination market, and continues to invest in R&D for valve and automation products to meet future market needs.

PRODUCT BRANDS OF DISTINCTION

Anchor Darling, Argus, Atomac, Automax, Durco, Edward, Gestra, Kammer, Limatorque, Logix, McCANNA, NAF, NAVAL, Nordstrom, Serck Audco, Valtek, Vogt, Worcester Controls



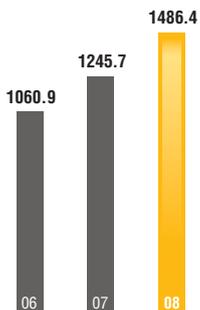
Launched in 2008, ValveSight, an advanced diagnostic solution for control valves, provides at-a-glance understanding of asset health, not just alarms.



The Valtek Stealth noise trim reduces sound pressure levels in the most demanding applications.

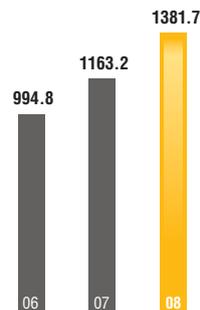
BOOKINGS

in Millions



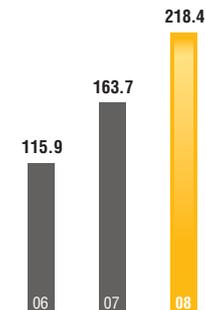
SALES

in Millions



OPERATING INCOME

in Millions



The Durco PlugSeal has an innovative design for difficult desalination industry applications.

Flowserve Pump Division

The Flowserve Pump Division (FPD) designs, manufactures, and services highly engineered and industrial pumps, pump systems, and related equipment. Currently manufactured at 30 plants worldwide, the FPD portfolio includes more than 150 different pumps as well as specialty products and accessories.

In 2008, FPD continued success on a global scale through a series of major customer wins and strategic agreements. Flowserve became a preferred vendor to China Petroleum & Chemical Corporation (Sinopec), with new projects from the agreement expected to lead to low-cost sourcing initiatives and aftermarket programs. Also in China, in an order estimated between \$25-30 million, FPD was selected to provide the China Nuclear Power Engineer Company with concrete volute pumps for both the Hongyanhe and Ningde nuclear power plant projects.

The addition of seven new QRCs in 2008 added to the FPD global footprint. Part of this strategic

expansion included the establishment of a pump engineering center in Bangalore, India, and the acquisition of Niigata Worthington in Japan, previously a 50% owned long-term joint venture. Both initiatives demonstrate the FPD commitment to aggressively respond to customer needs through people, facilities, and technology.

The Middle East remained a key geographic focus area for FPD in 2008, highlighted by securing a 10-year strategic supplier agreement with Saudi Aramco, one of the world's largest oil-producing companies. The agreement includes the entire range of Flowserve products and value-added services. And in an agreement valued between \$85-90 million, FPD will supply pumps to the Abu Dhabi Crude Oil Pipeline project.

In Latin America, FPD announced plans to invest more than \$15 million for a new 130,000 square foot manufacturing plant in Rio de Janeiro, Brazil. The new facility, targeting a fourth quarter 2009 opening, will be the largest Flowserve infrastructure investment in Latin America and will support the announced \$112 billion investment by Petrobras in refineries, exploration and access to the recent "mega" oil field discoveries there.

PRODUCT BRANDS OF DISTINCTION

Aldrich, Byron Jackson, Durco, IDP, Pacific, Pleuger, Scienco, Sier-Bath, TKL, United, Wilson-Snyder, Worthington



In 2008, Flowserve secured several large projects and important agreements to provide pumps and aftermarket services for customers throughout the world including China, Latin America, and the Middle East.



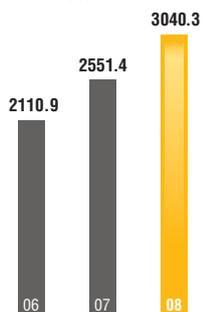
Flowserve provides highly-engineered pumps and pumping systems for the oil and gas, power generation, chemical, water, and other important industries.

iKOMPRESSOR

Through a joint venture with The Linde Group, Flowserve will commercialize and deploy a natural gas and biogas refueling system called iKompressor™. Designed to reduce energy and maintenance costs, and deliver high system reliability, iKompressor stations will profitably deliver compressed natural gas to customers throughout Germany, Austria, and neighboring EU countries.

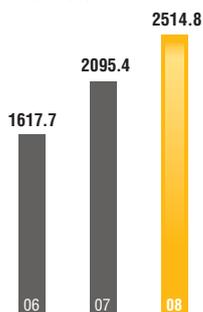
BOOKINGS

in Millions



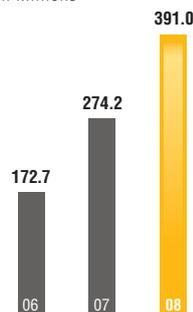
SALES

in Millions



OPERATING INCOME

in Millions



FPD service centers and QRCs provide critical service and support to Flowserve customers around the world.

Flow Solutions Division

The Flow Solutions Division (FSD) designs and manufactures mechanical seals and sealing systems for pumps and compressors. Mechanical seals provide users both safety and environmental benefits, including reductions of liquid and gaseous emissions.

In 2008, FSD continued the strategic build-out of the global QRC network, adding new and expanded facilities in several important regions. In the remote Russian island of Sakhalin just north of Japan, Flowserve became the first mechanical seal company in the region, ready to support new projects commissioned by Neftegas and Sakhalin Energy Company. In Canada, the Ft. McMurray QRC was expanded to increase capacity in support of the growing oil sands market in the area.

Auxiliary systems production from the FSD facility in Tulsa, Oklahoma, has tripled production since late August 2006. Continuing to meet this demand, FSD released two new support systems products in 2008. The W8 Series seal support reservoir creates an optimal operating environment for mechanical seals and is ideal for chemical processing, corn processing, pulp and paper, and municipal water and sewage applications. The LD682 Seal Cooler controls operating temperatures, ultimately reducing emissions and increasing safety and reliability in high-temperature power, chemical, and refinery applications.

In Brazil, FSD signed a \$2.6 million, three-year LifeCycle Advantage™ agreement with Petrobras

for mechanical seal support at one of the largest refineries in the country. The agreement, our first with a national oil company in Latin America, has opened the door to other opportunities in the region. Also in Brazil, FSD opened the first Learning Resource Center in São Caetano. The facility meets a growing need to train employees and customers throughout Latin America about rotating equipment maintenance and support.

Continuing to deliver world-class service and support, in 2008 FSD received the Supplier Excellence Award from Eastman Chemical Company, one of the largest manufacturers of polyethylene terephthalate (PET) polymer.

Outstanding service levels are driven by the Rotating Equipment Specialist (RES) program. This global FSD training initiative reached new heights in 2008 and since the program's inception, more than 100,000 hours of hands-on and theory-based coursework have been completed. At the end of 2008, two-thirds of eligible FSD associates achieved Level 1 RES qualification, helping ensure that Flowserve customers, regardless of their location around the world, receive the same high level of service and support.

PRODUCT BRANDS OF DISTINCTION

BW Seals, Durametallic, GASPAC, Interseal, Pac-Seal, Pacific Wietz



Flowserve QRCs deliver localized inventory and repair services from strategically located facilities around the world.



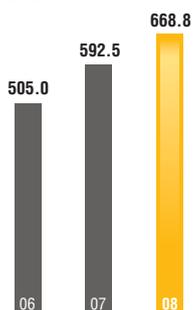
Automated welding systems have helped increase production of Flowserve auxiliary systems products.



The RES program ensures Flowserve customers receive the same high level of service and support regardless of their location around the world.

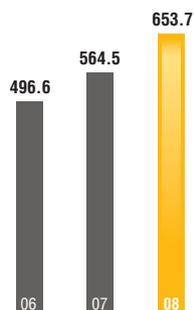
BOOKINGS

in Millions



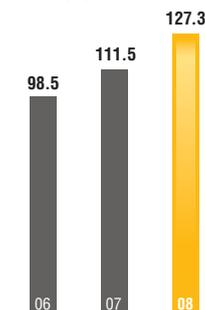
SALES

in Millions



OPERATING INCOME

in Millions



Corporate Sustainability

Marketplace

Products designed to meet the highest industry standards for emissions control
Process optimization
Product lifecycle longevity

Environment

Environmental protection
Energy management
Chemical usage and controls

FlowsERVE supports our employees, our customers and their communities while playing a critical role in protecting the environment by providing products that meet the highest levels of emissions control.

Workplace

Comprehensive benefits and recognition programs
Ethics and compliance-focused culture
Award-winning safety programs

Community

Support to communities where our employees and customers live and work through philanthropy, volunteer, and leadership opportunities

DEDICATED TO CHILDREN

In China, FlowsERVE donated computers and a science and innovation lab to an elementary school in Suzhou, and partnered with Junior Achievement to teach the Our World program at the Loufeng School. Both initiatives are examples of our many efforts to support the needs of children around the world.



THINK TWICE, SAFETY FIRST

FlowsERVE closed the year with an all-time low company incident rate for total recordable accidents. In fact, we saw an 11 percent reduction in the total recordable accident rate from the prior year. That rate has declined 41 percent in the past five years and 80 percent since 2000, thanks largely to ongoing safety awareness and training initiatives.



HURRICANE RELIEF

When Hurricanes Ike and Gustav hit the U.S. Gulf Coast, FlowsERVE responded immediately with coordinated efforts to support employees. More than 300 electricity generators and 200 air conditioning units, as well as truckloads of food, water, gasoline, extension cords, and other supplies were delivered to employees. As a result, FlowsERVE was more quickly able to support area customers.

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Corporate Governance &
Nominating Committee
Finance Committee (Chair)



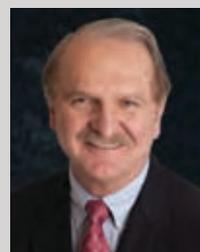
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Former President & CEO,
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Organization & Compensation
Committee (Chair)

Corporate Information

FLOWSERVE OFFICERS

Lewis M. Kling

President and Chief Executive Officer

Kyle B. Ahlfinger

Vice President and Chief Marketing Officer

Andrew J. Beall

Senior Vice President;
Chief Information Officer and President,
Flow Solutions Division

Deborah K. Bethune

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Mark A. Blinn

Senior Vice President;
Chief Financial Officer and
Latin America Operations

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Senior Vice President of Human Resources
and Chief Compliance Officer

Paul W. Fehlman

Vice President of Investor Relations,
Financial Planning and Analysis and Treasurer

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Senior Vice President;
President, Flowserve Pump Division

Richard J. Guiltinan

Vice President and Chief Accounting Officer

Thomas L. Pajonas

Senior Vice President;
President, Flow Control Division

Jerry L. Rockstroh

Senior Vice President of Supply Chain
and Continuous Improvement

Lars E. Rosene

Vice President of Public Affairs
and Chief Sustainability Officer

Ronald F. Shuff

Senior Vice President and
Secretary and General Counsel

CORPORATE INFORMATION

World Headquarters

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Suite 2300
Irving, Texas 75039

Telephone: 972-443-6500

Facsimile: 972-443-6800

Transfer Agent

For stock and legal transfers, changes of address,
lost stock certificates, elimination of duplicate
mailings of shareholder information or general
inquiries about stock ownership, contact:

National City Bank, Dept. 5352
Shareholder Services Operations

P.O. Box 92301

Cleveland, OH 44101-4301

shareholder.inquiries@nationalcity.com

1-800-622-6757

Stock Exchange Listing

Flowserve Corporation common stock is Listed on
the New York Stock Exchange (NYSE) and traded
under the symbol FLS. The Company's records
show that at March 17, 2009, 56,026,968 shares
of Flowserve common stock were outstanding
(excluding treasury shares). On March 17, 2009,
the Company's records showed approximately
1,776 shareholders of record.

CEO and CFO Certifications

The Annual CEO Certification pursuant to the
NYSE Listed Company Manual (Section 303A.12(a))
was filed with the NYSE on June 19, 2008 with no
qualifications. Additionally, Flowserve also included
as Exhibits 31.1 and 31.2 to its 2008 Annual Report on
Form 10-K filed with the Securities and Exchange
Commission, the Certifications of the CEO and CFO
required by Section 302 of the Sarbanes-Oxley Act
of 2002.

Availability of Forms Filed with the Securities and Exchange Commission

Shareholders may obtain, without charge,
copies of the following documents as filed with
the Securities and Exchange Commission:

- Annual Reports on Form 10-K
- Quarterly Reports on Form 10-Q
- Current Reports on Form 8-K
- Changes in Beneficial Ownership
- Proxy Statements

Copies may be obtained by accessing the company's
Web site or by providing a written request for such
copies or additional information about Flowserve
operating or financial performance to:

Investor Relations

Flowserve Corporation

5215 North O'Connor Boulevard, Suite 2300

Irving, Texas 75039

972-443-6500

investorrelations@flowserve.com

To obtain additional information on Flowserve, please
visit the company's Web site at www.flowserve.com

Firms That Have Provided Equity Research Coverage on Flowserve Include:

BB&T Capital Markets

BMO Capital Markets

Ladenburg Thalmann & Co. Inc.

Maxim Group LLC

RBC Capital Markets

Robert W. Baird & Co.

Wachovia Capital Markets, LLC

Flowserve, Aldrich, Anchor Darling, Argus, Atomac, Automax, BW Seals, Byron Jackson, Durametallic, Durco, Edward, GASPAC, Gestra, IDP, Interseal, IPS Tempo, Kammer, LifeCycle Advantage, Limitorque, Logix, McCANNA, NAF, NAVAL, Noble Alloy, Nordstrom, Pac-Seal, Pacific, Pacific Wietz, Pleuger, Scienco, Serck Audco, Sier-Bath, TKL, United, Valtek, ValveSight, Vogt, Wilson-Snyder, Worcester Controls, and Worthington are all trademarks of Flowserve Corporation.



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