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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 or 15 (d)
of the Securities Exchange Act of 1934

For Quarter Ended June 30, 1998 Commission File Number 1-13179

FLOWSERVE CORPORATION
(Exact name of Registrant as specified in its charter)

New York
(State or other jurisdiction of incorporation or organization)

31-0267900
(I.R.S. Employer Identification Number)

222 W. Las Colinas Blvd., Suite 1500, Irving, Texas 75039
(Address of principal executive offices) (Zip Code)

(Registrant's telephone number, including area code) (972) 443-6500

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO ___

Shares of Common Stock, $1.25 par value,
outstanding as of June 30, 1998 39,440,329

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PART I: Financial Information

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FLOWSERVE CORPORATION
Consolidated Statements of Income
(Unaudited)

For the quarter ended June 30

(Amounts in thousands, except per share data)	1998	1997
Net sales	$ 280,728	$ 300,658
Cost of sales	174,736	179,448
Gross profit	105,992	121,210
Selling and administrative expense	67,345	74,302
Research, engineering and development expense	5,074	6,647
Merger integration expense	11,906	--
Operating income	21,667	40,261
Interest expense	3,577	3,601
Other income	(1,063)	(2,768)
Earnings before income taxes	19,153	39,428
Provision for income taxes	6,704	14,553
Net earnings	$ 12,449	$ 24,875
Earnings per share (diluted and basic)	$ 0.31	$ 0.61

See accompanying notes to consolidated financial statements.

FLOWSERVE CORPORATION
Consolidated Statements of Income
(Unaudited)

(Amounts in thousands, except per share data)	Year to date June 30 1998	1997
Net sales	$ 539,044	$ 563,169
Cost of sales	331,855	337,810
Gross profit	207,189	225,359
Selling and administrative expense	131,546	142,831
Research, engineering and development expense	12,439	13,054
Merger integration expense	19,551	--
Operating income	43,653	69,474
Interest expense	6,702	6,935
Other income	(2,372)	(3,566)
Earnings before income taxes	39,323	66,105

Provision for income taxes	13,763	24,425
Net earnings	$ 25,560	$ 41,680
Earnings per share (diluted and basic)	$ 0.63	$ 1.02

See accompanying notes to consolidated financial statements.

FLOWSERVE CORPORATION
Consolidated Balance Sheets

(Amounts in thousands)	June 30, 1998 (Unaudited)	December 31 1997
ASSETS		
Current assets:		
Cash and cash equivalents	$ 20,849	$ 58,602
Accounts receivable, net	221,368	234,437
Inventories	196,507	184,944
Prepaids and other current assets	33,978	36,681
Total current assets	472,702	514,664
Property, plant and equipment, net	208,259	209,509
Intangible assets, net	80,483	79,748
Other assets	81,056	76,104
Total assets	$842,500	$880,025

See accompanying notes to consolidated financial statements.

FLOWSERVE CORPORATION
Consolidated Balance Sheets

(Amounts in thousands, except per share data)	June 30, 1998 (Unaudited)	December 31 1997
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 62,702	$ 68,241
Notes payable	4,786	5,644
Income taxes	14,496	15,548
Accrued liabilities	97,869	128,802
Long-term debt due within one year	11,215	12,209
Total current liabilities	191,068	230,444
Long-term debt due after one year	158,155	128,936
Postretirement benefits and deferred items	121,986	125,372
Shareholders' equity:		
Serial preferred stock, $1.00 par value, no shares issued	--	--
Common stock, $1.25 par value,	51,855	51,856

41,484 shares issued and 39,440 shares outstanding at June 30, 1998 and 41,484 shares issued and outstanding December 31, 1997		
Capital in excess of par value	70,562	70,895
Retained earnings	340,837	326,681
	463,254	449,432
Treasury stock at cost, 2,044 shares at June 30, 1998 and 881 shares at December 31, 1997, respectively	(55,197)	(23,145)
Foreign currency and other equity adjustments	(36,766)	(31,014)
Total shareholders' equity	371,291	395,273
Total liabilities and shareholders' equity	$ 842,500	$ 880,025

See accompanying notes to consolidated financial statements.

FLOWSERVE CORPORATION
Consolidated Statements of Shareholders' Equity
(Unaudited)

(Amounts in thousands)	Common stock	Capital in excess of par value	Retained earnings	Treasury stock	Foreign currency and other equity adjustments	Total share-holders' equity
Balance at December 31, 1996	$ 51,854	$ 72,628	$ 298,563	$ (27,455)	$ (6,966)	$ 388,624
Net earnings	-	-	41,680	-	-	41,680
Cash dividends ($.14 per share)	-	-	(11,923)	-	-	(11,923)
Foreign currency translation adjustment	-	-	-	-	(17,973)	(17,973)
Stock activity under stock plans	2	(363)	-	1,404	(187)	856
Balance at June 30, 1997	$ 51,856	$ 72,265	$ 328,320	$ (26,051)	$ (25,126)	$ 401,264
Balance at December 31, 1997	$ 51,856	$ 70,895	$ 326,681	$ (23,145)	$ (31,014)	$ 395,273
Net earnings	-	-	25,560	-	-	25,560
Cash dividends ($.14 per share)	-	-	(11,404)	-	-	(11,404)
Foreign currency translation adjustment	-	-	-	-	(5,893)	(5,893)
Treasury stock repurchases (1,337 shares)				(36,590)		(36,590)
Stock activity under stock plans	(1)	(333)	-	4,538	141	4,345
Balance at June 30, 1998	$ 51,855	$ 70,562	$ 340,837	$ (55,197)	$ (36,766)	$ 371,291

See accompanying notes to consolidated financial statements.

FLOWSERVE CORPORATION
Consolidated Statements of Cash Flows
(Unaudited)

	For the six months ended June 30	
(Amounts in thousands)	1998	1997
Operating activities:		
Net earnings	$ 25,560	$ 41,680
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	20,621	18,552
Loss (gain) on the sale of fixed assets	45	(42)
Change in assets and liabilities, net of effects of acquisitions:		

Accounts receivable	11,199	(7,186)
Inventories	(14,487)	(19,941)
Prepaid expenses and other assets	(6,802)	(5,394)
Accounts payable and accrued liabilities	(35,541)	1,992
Income taxes	(1,248)	281
Postretirement benefits and deferred items	(2,597)	(470)
Net cash flows (used by) from operating activities	(3,250)	29,472
Investing activities:		
Capital expenditures	(17,511)	(18,065)
Payment for acquisitions, net of cash acquired	--	(9,000)
Net cash flows used by investing activities	(17,511)	(27,065)
Financing activities:		
Net borrowings under lines of credit	3,929	2,674
Proceeds from long-term debt	23,131	7,532
Treasury share purchases	(36,590)	--
Proceeds from stock activity	4,726	493
Dividends paid	(11,404)	(11,923)
Net cash flows used by financing activities	(16,208)	(1,224)
Effect of exchange rate changes	(784)	(1,918)
Net change in cash and cash equivalents	(37,753)	(735)
Cash and cash equivalents at beginning of year	58,602	38,933
Cash and cash equivalents at end of period	$ 20,849	$ 38,198
Taxes paid	$ 14,814	$ 22,008
Interest paid	$ 6,098	$ 6,752

See accompanying notes to consolidated financial statements.

FLOWSERVE CORPORATION
Notes to Consolidated Financial Statements
(unaudited)

1. Overview

Flowserve Corporation (the Company or Flowserve) was created on July 22, 1997, through a merger of equals between BW/IP Inc. and Durco International Inc. accounted for under "pooling of interests" accounting. Accordingly, all historical information has been restated giving effect to the transaction as if the two companies had been combined at the beginning of all periods presented. In addition, certain other historical information has been reclassified for consistency with the 1998 presentation.

2. Accounting Policies - Basis of Presentation

The accompanying consolidated balance sheet as of June 30, 1998 and the related consolidated statements of income and cash flows for the three months and the six months ended June 30, 1998 and 1997 are unaudited. In management's opinion, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of such financial statements have been made. The accompanying consolidated financial statements and notes in this Form 10-Q are presented as permitted by Regulation S-X and do not contain certain information included in the Company's annual financial statements and notes to the financial statements. Accordingly, the accompanying consolidated financial information should be read in conjunction with the Company's 1997 Annual Report. Interim results are not necessarily indicative of results to be expected for a full year and are subject to audit and adjustments at the end of the year.

3. Inventories

Inventories are stated at the lower of cost or market. Cost is determined for certain inventories by the last-in, first-out (LIFO) method and for other inventories by the first-in, first-out (FIFO) method.

The amount of inventories and the method of determining costs for the quarter ended June 30, 1998 and the year ended December 31, 1997 were as follows:

(Dollars in millions)	June 30 1998	December 31 1997
Raw materials	$ 22.5	$ 18.1
Work in process and finished goods	224.6	216.4
Less: Progress billings	(10.1)	(10.9)
	237.0	223.6
LIFO reserve	40.5	38.6
Net inventory	$ 196.5	$ 185.0
Percent of inventory accounted for by LIFO	42%	43%
Percent of inventory accounted for by FIFO	58%	57%

4. Earnings per share

The Company's potentially dilutive common stock equivalents were immaterial as of June 30, 1998 and all previous periods. Accordingly, diluted earnings per share are equal to basic earnings per share for all periods presented. Earnings per share for the six months ended June 30, 1998 and 1997 were based on average common shares and common share equivalents outstanding of 40,781 and 40,700 respectively.

5. Impact of Recently Issued Accounting Standards

In 1997, the Financial Accounting Standards Board issued SFAS No. 130 "Reporting Comprehensive Income", SFAS No. 131 "Disclosures About Segments of an Enterprise and Related Information", and SFAS No.132 "Employer's Disclosure About Pensions and Other Post Retirement Benefits". All three standards are effective for fiscal years beginning after December 15, 1997. These standards modify or expand current disclosure requirements and, accordingly, are not expected to impact the Company's reported financial position, results of operations, or cash flows. The Company is assessing the impact of SFAS No. 131 on its reporting segments.

6. Merger Integration Program

In the fourth quarter of 1997, the Company announced its merger integration program. This $92.4 million program includes investments of approximately $22.2 million for capital expenditures and approximately $70.2 million for integration expenses. Of this

$70.2 million, $32.6 million was recognized as a one-time restructuring charge in the fourth quarter of 1997. The balance will be recognized as incurred over the three-year life of the program.

In July, 1998 the Company's Board of Directors approved an $18 million expenditure for the first phase of a global business process improvement initiative which will build on and bring additional costs and benefits to the on-going merger integration program. The total incremental cost of the business process improvement initiative is expected to approximate $120 million over a multi-year period. About half of the costs associated with this initiative are expected to be capitalized with the balance separately identified as merger integration expense.

The Company incurred $11.9 million for merger integration expenses in the second quarter of 1998 and has incurred $26.5 million since the inception of the program. Merger integration expense in the second quarter included costs for closing the San Jose, California and Charleroi, Belgium pump plants and the Guelph, Ontario service center, as well as some start-up costs for the business improvement initiative. The Company's program includes facility rationalizations in North America and Europe, organizational realignments at the corporate and division levels, procurement initiatives, investments in training, and support for the service and repair operations. The integration program is expected to result in a net reduction of approximately 300 employees at a cost $22.4 million. In addition, exit costs associated with the facilities closings are estimated at $10.2 million. The integration program is expected to be funded through operating cash flows and available credit facilities.

In the second quarter ended June 30, 1998, severance costs of $6.6 million and exit costs of $1.5 million were paid and recorded against the restructure accrual established in 1997. The remainder of the costs are expected to be incurred over the life of the program.

Restructure Accrual (Amounts in millions)	SEVERANCE	OTHER EXIT COSTS	TOTAL
Balance at October 27, 1997	$22.4	$10.2	$32.6
Cash expenditures	(3.4)	(.5)	(3.9)
Non-cash expenditures	--	(1.2)	(1.2)
Balance at December 31, 1997	$19.0	$ 8.5	$27.5
Cash expenditures	(2.3)	(0.4)	(2.7)
Non-cash expenditures	--	--	--
Balance at March 31, 1998	$16.7	$ 8.1	$24.8
Cash expenditures	(6.6)	(0.8)	(7.4)
Non-cash expenditures	--	(0.7)	(0.7)
Balance at June 30, 1998	$10.1	$ 6.6	$16.7

7. Share Repurchase Program

During the second quarter of 1998, the Company initiated a $100 million share repurchase program and as of June 30, 1998 had repurchased approximately 1.3 million, or three percent, of its outstanding shares. The purchases were funded through operating cash flows and available credit facilities. The timing of future repurchases depends on market conditions, the market price of Flowserve's common stock, and management's assessment of the Company's liquidity and cash flow needs.

8. Subsequent Events

In July, 1998, the Company completed the acquisition of certain assets and liabilities of the Valtek Engineering Division of Allen Power Engineering, Limited, from Rolls Royce plc. The Valtek Engineering Division has been the British licensee for many of Flowserve's control valve products, with exclusive territorial rights for portions of Europe, the Middle East and Africa since 1971. This business produced sales of approximately $20 million in 1997.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

Flowserve Corporation (the Company or Flowserve) was created on July 22, 1997, through a merger of equals between BW/IP, Inc. and Durco International Inc. accounted for under "pooling of interests" accounting. Accordingly, all historical information has been restated giving effect to the transaction as if the two companies had been combined at the beginning of all periods presented. In addition, certain other historical information has been reclassified for consistency with the 1998 presentation.

Flowserve produces engineered pumps for the process industries, precision mechanical seals, manual and automated quarter-turn valves, control valves and valve actuators, and provides a range of related flow management services to a diverse customer base worldwide. Equipment manufactured and serviced by the Company is used in industries that utilize difficult to handle and often corrosive fluids in environments with extreme temperature, pressure, horsepower and speed. Flowserve's businesses are affected by economic conditions in the U.S. and other countries where its products are sold and serviced, and by the relationship of the U.S. dollar to other currencies, and demand and pricing for customers' products. The impact of these conditions is mitigated to some degree by the strength and diversity of Flowserve's product lines and geographic coverage.

RESULTS OF OPERATIONS - THREE MONTHS ENDED JUNE 30, 1998

Net sales for the three months ended June 30, 1998 were $280.7 million, compared with net sales of $300.6 million for the same period in 1997. Approximately $9.0 million of the sales decrease was due to the unfavorable currency translation effect resulting from the strengthening of the U.S. dollar against foreign currencies and approximately $6.0 million due to businesses sold in 1997. Without the adverse currency effects and sales reductions from divestitures, second quarter sales would have been about two percent below the second quarter of 1997. The balance of the decrease in sales was due primarily to low petroleum industry spending caused by lower oil prices and continued effects of the Asian economic crisis, that has delayed major projects and reduced worldwide chemical market activity. Net sales to international customers, including export sales from the U.S., were approximately 50% for the three months ended June 30, 1998 and approximately 49% for the three months ended June 30, 1997.

The gross profit margin was 37.8% for the three months ended June 30, 1998, compared with 40.3% for the same period in 1997. The decrease in the gross profit margin was due to a reduction in higher profit parts sales, under absorption resulting from lower sales volume and some valve price discounting. Selling and administrative expenses as a percentage of net sales were 24.0% for the three month period ended June 30, 1998, compared with 24.7% for the corresponding period of 1997. The reduction in selling and administrative expenses percentage was due primarily to savings generated by the merger integration program and other cost control initiatives across all divisions.

Tax savings initiatives undertaken subsequent to the merger reduced the effective tax rate to 35% compared with 37% in 1997.

Lower sales and gross profit percentage resulted in earnings before merger integration expense for the second quarter of 1998 being $20.2 million, or 19% below the $24.9 million for the same period in 1997. Earnings per diluted share before merger integration expense were $0.50 in the second quarter of 1998, compared with $0.61 in 1997. Net earnings, after merger integration expense, were $12.4 million for the three months ended June 30, 1998, compared with $24.9 million for the same period in 1997. The related net earnings per diluted share, after merger integration expense, were $0.31 for the second quarter of 1998, compared with $0.61 in 1997.

Bookings of $293.6 million for the second quarter of 1998 were slightly above the $291.9 million recorded in the second quarter of 1997. Bookings increased despite an offset of approximately $9.0 million due to unfavorable currency translation rates and approximately $6.0 million related to businesses that were sold in 1997. The increase in bookings was due primarily to higher engineered pump bookings. Backlog at June 30, 1998 was $312.6 million, compared with $291.6 million at December 31, 1997.

RESULTS OF OPERATIONS - SIX MONTHS ENDED JUNE 30, 1998

Net sales for the six months ended June 30, 1998 were $539.0 million, compared with net sales of $563.1 million for the same period in 1997. Approximately $15.0 million of the sales decrease was due to unfavorable currency translation rates and $12.0 million due to business sold in 1997. Excluding these effects, sales would have increased slightly over 1997 levels. Net sales to international customers, including export sales from the U.S., were 50% for the six months ended June 30, 1998 and 49% for the six months ended June 30, 1997.

The gross profit margin was 38.4% for the six months ended June 30, 1998, compared with 40.0% for the same period in 1997. The decrease in the gross profit margin is due primarily to a reduction in higher margin parts sales primarily to chemical customers, under absorption at certain locations and some valve price discounting. Selling and administrative expenses as a percentage of net sales were 24.4% for the six month period ended June 30, 1998, compared with 25.4% for the corresponding period of 1998. The reduction in the selling and administrative expenses percentage was due primarily to savings generated by the merger integration program and other cost control initiatives across all divisions.

Tax savings initiatives undertaken subsequent to the merger reduced the effective tax rate to 35% compared with 37% in 1997.

Earnings before merger integration expense were $38.2 million for the six months ended June 30, 1998, compared with $41.6 million for the same period in 1997. Earnings per diluted share before merger integration expense were $0.94 for the six months ended June 30, 1998, compared with $1.02 in 1997. Net earnings, after merger integration expense were $25.6 million for the six months ended June 30, 1998, compared with $41.6 million for the same period in 1997. The related net earnings

per diluted share, after merger integration expense, were $0.63 for six months ended June 30, 1998, compared with $1.02 in 1997.

Bookings of $561.7 million for the six months ended June 30, 1998 were 5% below the $590.0 million for 1997. Approximately $15.0 million of the bookings decrease was due to unfavorable currency translation rates and approximately $12.8 million due to business divestitures in 1997. A decline in oil prices resulted in lower petroleum-related capital spending and the Asian economic crisis delayed several projects and reduced worldwide chemical market activity, further contributed to the bookings decrease.

MERGER INTEGRATION PROGRAM

In the fourth quarter of 1997, the Company announced its merger integration program. This $92.4 million program includes investments of approximately $22.2 million for capital expenditures and approximately $70.2 million for integration expense. Of this $70.2 million, $32.6 million was recognized as a one-time restructuring charge in the fourth quarter of 1997. The balance will be recognized as incurred over the three-year life of the program.

In July, 1998 the Company's Board of Directors approved an $18 million expenditure for the first phase of a global business process improvement initiative which will build on and bring additional costs and benefits to the on-going merger integration program. This initiative includes the standardization of processes across the business and the implementation of a global information systems to facilitate common practices. The total incremental cost of the business process improvement initiative is expected to approximate $120 million over a three year period. About half of the costs associated with this initiative are expected to be capitalized with the balance separately identified as merger integration expense.

The Company incurred $11.9 million for merger integration expenses in the second quarter 1998 and has incurred $26.5 million since the inception of the program. Merger integration expense in the second quarter included costs for closing the San Jose, California and Charleroi, Belgium pump plants and the Guelph, Ontario service center, as well as some start up costs for the business process improvement initiatives. The Company's program includes facility rationalizations in North America and Europe, organizational realignments at the corporate and division levels, procurement initiatives, investments in training, and support for the service and repair operations. The integration program is expected to result in a net reduction of approximately 300 employees at a cost of $22.4 million. In addition, exit costs associated with the facilities closings are estimated at $10.2 million. The integration program is expected to be funded through operating cash flows and available credit facilities.

In the second quarter ended June 30, 1998, severance costs of $6.6 million and exit costs of $1.5 million were paid and recorded against the restructure accrual established in 1997. The remainder of the costs are expected to be incurred over the life of the program.

The Company believes the merger integration program will produce $45 to $55 million annually in operating income at the end of three years. This income is expected to be produced by eliminating cost redundancies, capturing procurement savings, and realizing earnings increases from sales synergies. The Company realized integration savings of approximately $3.0 million, before taxes, in the first quarter of 1998, and $3.8 million, before taxes, in the second quarter of 1998. The Company believes the business process improvement initiative will generate an additional $40 million in savings in the first full year following completion.

CAPITAL RESOURCES AND LIQUIDITY

The Company's capital structure, consisting of long-term debt and shareholders' equity, continued to enable the Company to finance short and long-range business objectives. At June 30, 1998, total debt was 31.8% of the Company's capital structure, compared with 27.1% at December 31, 1997. Based upon annualized 1998 results, the interest coverage ratio of the Company's indebtedness was 7.6 times interest at June 30, 1998, compared with 7.8 times interest for the twelve months ended December 31, 1997.

Operating cash flows for the first six months of 1998 were below those in the comparable period of 1997 principally due to the merger integration program as well as lower operating profits.

The return on average net assets based on annualized results for June 30, 1998, before merger integration expense, was 12.8%, compared with 13.7% for December 31, 1997. Including the impact of merger integration expense, the annualized return on average net assets was 9.0% for June 30, 1998, compared with 9.0% for December 31, 1997. The annualized return on average shareholders' equity, before merger integration expense, was 19.6% at June 30, 1998, compared with 20.4% for December 31, 1997. Annualized return on average shareholders' equity, including merger integration expense, was 13.1% for June 30, 1998 versus 13.0% for December 31, 1997.

During the second quarter of 1998, the Company initiated a $100 million share repurchase program and as of June 30, 1998 had repurchased approximately 1.3 million, or three percent, of its outstanding shares. Operating cash flows and available credit facilities were utilized to fund the repurchases. The timing of future repurchases depends on market conditions, the market price of Flowserve's common stock, and management's assessment of the Company's liquidity and cash flow needs.

On April 28, 1998 the Company announced its intentions to enhance its capabilities to access additional credit markets to fund internal and external growth opportunities. The Company is preparing to establish short-term and long-term credit ratings with rating agencies and file an initial $250-million public debt shelf registration.

SAFE HARBOR STATEMENT

This document contains various forward-looking statements and includes assumptions about Flowserve's future market conditions, operations, and results. These statements are based on current expectations and are subject to significant risks and uncertainties. They are made pursuant to safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Among the many factors that could cause actual results to differ materially from the forward-looking statements are: further changes in the already competitive environment for the Company's products or competitors' responses to Flowserve's strategies; political risks or trade embargoes affecting important country markets; economic turmoil in Asia/Pacific region markets; unanticipated difficulties or costs associated with integrating the management and operations of BW/IP, Inc. and Durco International, Inc. including software implementation; the risk that realized merger savings might not continue; and the recognition of significant expenses associated with adjustments to realign the combined Company's facilities and other capabilities with its strategies.

Net earnings for future periods are uncertain and dependent on general worldwide economic conditions in the Company's major markets and their strong impact on the level of incoming business activity.

SIGNATURE

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FLOWSERVE CORPORATION
(Registrant)

/s/ Renee Hornbaker

Renee Hornbaker
Vice President and
Chief Financial Officer

Date: August 14, 1998

PART II. OTHER INFORMATION

Item 2.

In 1998 the Company issued 8,200 shares of restricted common stock, pursuant to an exemption from registration under Section 4(2) of the Securities Act of 1933. Shares were issued for the benefit of directors and employees of the Company subject to restrictions on transfer.

Item 4. Submission of Matters to a Vote of Security Holders

(a) The Annual Meeting of Shareholders of the Company was held on May 21, 1998.

(b) A proposal to approve the re-election of three Directors to the Board of Directors, in each case for a term of three years, and the re-election of one Director for a term of one year, was approved as follows with respect to each nominee for office:

	Votes For	Votes Withheld
Election for a three year term:		
Hugh K. Coble	34,848,326	435,487
George T. Haymaker, Jr.	34,840,239	443,574
William C. Rusnack	34,838,856	444,957
Election for a one year term:		
Charles M. Rampacek	34,845,539	438,274

The other directors whose term of office continued after the meeting were Diane C. Harris, Michael F. Johnston, William M. Jordan, Bernard G. Rethore, James O. Rollans, Kevin E. Sheehan and R. Elton White.

(c) A proposal to approve the Flowserve Corporation 1998 Restricted Stock Plan was approved by shareholders with 31,287,754 votes cast for the proposal, 3,806,574 votes cast against the proposal and an aggregate of 189,486 abstentions and broker non-votes.

Item 6. Exhibits and Reports on Form 8-K

(a) The following Exhibits are attached hereto:

10.14 Flowserve Corporation Second Amendment to 1989 Stock Option Plan, as Previously amended and restated.

10.28 Flowserve Corporation First Amendment to 1997 Stock Option Plan

27.1 Financial Data Schedule

All other Exhibits are incorporated by reference.

(b) None

INDEX TO EXHIBITS*

EXHIBIT NO.	DESCRIPTION
3.1	1988 Restated Certificate of Incorporation of The Duriron Company, Inc. was filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 1988.
3.2	1989 Amendment to Certificate of Incorporation was filed as Exhibit 3.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 1989.
3.3	By-Laws of The Duriron Company, Inc. (as restated) were filed with the Commission as Exhibit 3.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 1987.
3.4	1996 Certificate of Amendment of Certificate of Incorporation was filed as Exhibit 3.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.
3.5	Amendment No. 1 to Restated Bylaws was filed as Exhibit 3.5 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.
3.6	April 1997 Certificate of Amendment of Certificate of Incorporation was filed as part of Annex VI to the Joint Proxy Statement/Prospectus which is part of the Registration Statement on Form S-4, dated June 19, 1997.
3.7	July 1997 Certificate of Amendment of Certificate of Incorporation was filed as Exhibit 3.6 to the Company's Quarterly Report on Form 10-Q, for the Quarter ended June 30, 1997.
4.1	Lease agreement, indenture of mortgage and deed of trust, and guarantee agreement, all executed on June 1, 1978 in connection with 9-1/8% Industrial Development Revenue Bonds, Series A, City of Cookeville, Tennessee. +
4.2	Lease agreement, indenture of trust, and guaranty agreement, all executed on June 1, 1978 in connection with 7-3/8% Industrial Development Revenue Bonds, Series B, City of Cookeville, Tennessee. +
4.3	Lease agreement and indenture, dated as of January 1, 1995 and bond purchase agreement dated January 27, 1995, in connection with an 8% Taxable Industrial Development Revenue Bond, City of Albuquerque, New Mexico.+
4.4	Rights Agreement dated as of August 1, 1986, between the Company and BankOne, N.A., as Rights Agent, which includes as Exhibit B thereto the Form of Rights Certificate which was filed as Exhibit 1 to the Company's Registration Statement on Form 8-A on August 13, 1986.

4.5	Amendment dated as of August 1, 1996, to Rights Agreement was filed as Exhibit 4.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996.
4.6	Amendment No. 2 dated as of June 1, 1998, to the Rights Agreement dated as of August 13, 1986, and amended as of August 1, 1996, was filed as Exhibit 1 to the Registrant's Form 8-A/A dated June 11, 1998.
4.7	Interest Rate and Currency Exchange Agreement between the Company and Barclays Bank PLC dated November 17, 1992 in the amount of $25,000,000 was filed as Exhibit 4.9 to the Company's Annual Report on Form 10-K for year ended December 31, 1992.
4.8	Loan Agreement in the amount of $25,000,000 between the Company and Metropolitan Life Insurance Company dated November 12, 1992 was filed as Exhibit 4.10 to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.
4.9	Revolving Credit Agreement between the Company and First of America Bank - Michigan, N.A. in the amount of $20,000,000 and dated August 22, 1995 was filed as Exhibit 4.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.
4.10	Credit Agreement dated as of November 26, 1997, among Flowserve Corporation, Bank of America National Trust and Savings Association as Agent and Letter of Credit Issuing Bank and the other Financial Institutions Party thereto was filed as Exhibit 4.9 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997.
4.11	Material Subsidiary Guarantee, dated as of November 26, 1997, by BW/IP International, Inc. in favor of and for the benefit of Bank of America National Trust and Savings Association, as Agent was filed as Exhibit 4.10 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997.
4.12	Rate Swap Agreement in the amount of $25,000,000 between the Company and National City Bank

dated November 14, 1996 was filed as Exhibit 4.9 to the Company's Annual Report on Form 10-K for the year ended December 31, 1996.

4.13 Rate Swap Agreement in the amount of $25,000,000 between the Company and Key Bank National Association dated October 28, 1996 was filed as Exhibit 4.10 to the Company's Annual Report on Form 10-K for the year ended December 31, 1996.

4.14 Guaranty, dated August 1, 1997 between Flowserve Corporation and ABN-AMRO Bank N.V. was filed as Exhibit 4.12 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997.

4.15 Credit Agreement, dated as of September 10, 1993, between BW/IP International B.V. and ABN/AMRO was filed as Exhibit 10.dd to BWIP's Annual Report on Form 10-K for the year ended December 31, 1993.

4.16 Note Agreement, dated as of November 15, 1996, between BW/IP International, Inc. and the Note Purchasers named therein, with respect to $30,000,000 principal amount of 7.14% Senior Notes, Series A, due November 15, 2006, and $20,000,000 principal amount of 7.17% Senior Notes, Series B, due March 31, 2007, was filed as Exhibit 4.1 to BW/IP's Registration Statement on Form S-8 (Registration No. 333-21637) as filed February 12, 1997.

4.17 Note Agreement, dated as of April 15, 1992, between BW/IP International, Inc. and the Note Purchasers named therein, with respect to $50,000,000 principal amount of 7.92% Senior Notes due May 15, 1999, filed as Exhibit 4.a to BW/IP's Quarterly Report on Form 10-Q for the quarter ended June 30, 1992.

10.1 The Duriron Company, Inc. Incentive Compensation Plan (the "Incentive Plan") for Senior Executives, as amended and restated effective January 1, 1994, was filed as Exhibit 10.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 1993. **

10.2 Amendment No. 1 to the Incentive Plan was filed as Exhibit 10.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995. **

10.3 The Duriron Company, Inc. Supplemental Pension Plan for Salaried Employees was filed with the Commission as Exhibit 10.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 1987. **

10.4 The Duriron Company, Inc. amended and restated Director Deferral Plan was filed as Attachment A to the Company's definitive 1996 Proxy Statement filed with the Commission on March 10, 1996. **

10.5 Form of Change in Control Agreement between all executive officers and the Company was filed as Exhibit 10.6 to the Company's Annual Report on Form 10-K for the year ended December 31, 1996. **

10.6 The Duriron Company, Inc. First Master Benefit Trust Agreement dated October 1, 1987 was filed as Exhibit 10.24 to the Company's Annual Report on Form 10-K for the year ended December 31, 1987.**

10.7 Amendment #1 to the First Master Benefit Trust Agreement dated October 1, 1987 was filed as Exhibit 10.24 to the Company's Annual Report on Form 10-K for the year ended December 31, 1993.**

10.8 Amendment #2 to First Master Benefit Trust Agreement was filed as Exhibit 10.25 to the Company's Annual Report on Form 10-K for the year ended December 31, 1993.**

10.9 The Duriron Company, Inc. Second Master Benefit Trust Agreement dated October 1, 1987 was filed as Exhibit 10.12 to the Company's Annual Report on Form 10-K for the year ended December 31, 1987.**

10.10 First Amendment to Second Master Benefit Trust Agreement was filed as Exhibit 10.26 to the Company's Annual Report on Form 10-K for the year ended December 31, 1993.**

10.11 The Duriron Company, Inc. Long-Term Incentive Plan (the "Long-Term Plan"), as amended and restated effective November 1, 1993 was filed as Exhibit 10.8 to the Company's Annual Report on Form 10-K for the year ended December 31, 1993.**

10.12 Amendment No. 1 to the Long-Term Plan was filed as Exhibit 10.13 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.**

10.13 The Duriron Company, Inc. 1989 Stock Option Plan as amended and restated effective January 1, 1997 was filed as Exhibit 10.14 to the Company's Annual Report on Form 10-K for the year ended December 31, 1996.**

10.14 Flowserve Corporation Second Amendment to 1989 Stock Option Plan, as previously amended and restated (filed herewith).**

10.15 The Duriron Company, Inc. 1989 Restricted Stock Plan (the "1989 Restricted Stock Plan") as amended and restated effective January 1, 1997 was filed as Exhibit 10.15 to the Company's Annual Report on Form 10-K for the year ended December 31, 1996.**

10.16 The Duriron Company, Inc. Retirement Compensation Plan for Directors ("Director Retirement Plan") was filed as Exhibit 10.15 to the Company's Annual Report on Form 10-K for the year ended December 31, 1988.**

10.17	Amendment No. 1 to Director Retirement Plan was filed as Exhibit 10.21 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.**
10.18	The Company's Benefit Equalization Pension Plan (the "Equalization Plan") was filed as Exhibit 10.16 to the Company's Annual Report on Form 10-K for the year ended December 31, 1989.**
10.19	Amendment #1 dated December 15, 1992 to the Equalization Plan was filed as Exhibit 10.18 to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.**
10.20	The Company's Equity Incentive Plan as amended and restated effective July 21, 1995 was filed as Exhibit 10.25 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.**
10.21	Supplemental Pension Agreement between the Company and William M. Jordan dated January 18, 1993 was filed as Exhibit 10.15 to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.**
10.22	1979 Stock Option Plan, as amended and restated April 23, 1991, and Amendment #1 thereto dated December 15, 1992, was filed as Exhibit 10.17 to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.**

10.23	Deferred Compensation Plan for Executives was filed as Exhibit 10.19 to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.**
10.24	Executive Life Insurance Plan of The Duriron Company, Inc. was filed as Exhibit 10.29 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.**
10.25	Executive Long-Term Disability Plan of The Duriron Company, Inc. was filed as Exhibit 10.30 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.**
10.26	Employee Protection Plan, as revised effective March 1, 1997 (which provides certain severance benefits to employees upon a change of control of the Company) was filed as Exhibit 10.32 to the Company's Annual Report on Form 10-K for the year ended December 31, 1996.**
10.27	1997 Stock Option Plan was included as Exhibit A to the Company's 1997 Proxy Statement which was filed with the Commission on March 17, 1997.**
10.28	Flowserve Corporation First Amendment to 1997 Stock Option Plan (filed herewith).**
10.29	BW/IP International, Inc. Supplemental Executive Retirement Plan as amended and restated was filed as Exhibit 10.27 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998**
10.30	1998 Restricted Stock Plan was included as Exhibit A to the Company's 1998 Proxy Statement which was filed with the Commission on April 9, 1998.**
10.31	Form of Employment Agreement between the Company and certain executive officers was filed as Exhibit 10.31 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997. **
10.32	Amendment No. 1 to the amended and restated Director Deferral Plan was filed as Exhibit 10.32 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997.**
10.33	Amendment # 1 to the 1989 Restricted Stock Plan as amended and restated was filed as Exhibit 10.33 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997. **
10.34	Employment Agreement, effective July 22, 1997, between the Company and Bernard G. Rethore was filed as Exhibit 10.53 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997.**
10.35	Employment Agreement, effective July 22, 1997, between the Company and William M. Jordan was filed as Exhibit 10.54 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997.**

10.36	Agreement and Plan of Merger dated as of May 6, 1997, among the Company, Bruin Acquisition Corp. and BW/IP, Inc. ("BW/IP") was filed as Annex I to the Joint Proxy Statement/Prospectus which is part of the Registration Statement on Form S-4, dated June 19, 1997.
27.1	Financial Data Schedule submitted to the SEC in electronic format (filed herewith).
"*"	For exhibits of the Company incorporated by reference into this Quarterly Report on Form 10-Q form a previous filing with the Commission, the Company's file number with the Commission since July 1997 is "1-13179" and the previous file number was "0-325". All filings of BW/IP incorporated by reference in this Quarterly Report on Form 10-Q cover the periods prior to the Merger.
"+"	Indicates that the document relates to a class of indebtedness that does not exceed 10% of the total assets of the Company and subsidiaries and that the Company will furnish a copy of the document to the Commission upon request.
"**"	Management contracts and compensatory plans and arrangements required to be filed as exhibits to this on Form 10-Q.

EXHIBIT 10.14

7-7-98

FLOWSERVE CORPORATION

SECOND AMENDMENT TO 1989 STOCK OPTION PLAN,
AS PREVIOUSLY AMENDED AND RESTATED

THIS AMENDMENT of the Flowserve Corporation 1989 Stock Option Plan (the "Plan") is being executed as of the 22nd day of July, 1998 under the following circumstances:

A. The Plan was adopted by the Board of Directors of Flowserve Corporation (the "Company") in February 1989 and was approved by the shareholders of the Company on April 26, 1989.

B. Pursuant to authorization by the Board of Directors, the Plan was amended and restated effective April 23, 1991 and was further amended by First Amendment effective July 26, 1996.

C. Pursuant to authorization by the Compensation Committee of the Board of Directors, the Plan is being further amended by this Second Amendment.

NOW, THEREFORE, the Plan is hereby amended, effective July 22, 1998, as follows:

PART 1. Section 2 of the Plan is amended by adding the following definitions:

(j) "Designation of Beneficiary" means the written designation by the Holder of the person or entity to receive the Holder's options and any related Stock Appreciation Rights and Unlimited Rights upon the Holder's death, which designation shall be on such form as prescribed by the Committee and filed with the General Counsel, the Chief Financial Officer, or the Treasurer of the Company (or such other person as the Committee may designate).

(m) "Family Members" means children, stepchildren, grandchildren, parents, stepparents, grandparents, spouse, siblings (including half-brother and -sisters), nephews, nieces and in-laws.

(n) "Grantee" means the person who received the option and any related Stock Appreciation Right and/or Limited Right from the Company.

(o) Except where the context otherwise requires, "Holder" or "holder" means the person(s) or entity who owns

the option and any related Stock Appreciation Right and/or Limited Right, whether the Grantee, Transferee, heir or other beneficiary. As used in Section 9A, the term "Holder" shall have the meaning indicated in Section 9A(a)(4).

(x) "Transferee" means the person who received the option and any related Stock Appreciation Right and/or Limited Right from the Grantee during the Grantee's lifetime in accordance with this Plan.

The other subsections of Section 2 shall be re-lettered so that all definitions appear in alphabetical order.

PART 2. The word "holder" is changed to "Grantee" in the following places:

1. Section 6(b)(1).

2. Section 6(b)(5), first and third uses only.

3. Section 6(b)(6), first use only.

4. Section 6(d).

5. Section 7(d), all uses.

PART 3. The first sentence of Section 6(b)(4) is amended to read as follows:

> Except as otherwise provided in the Plan, an option may be exercised only if the Grantee thereof has been continuously employed by the Company or a Subsidiary since the date of grant.

PART 4. Section 10 of the Plan is amended in its entirety to read as follows:

> Non-Transferability.
>
> (a) General Rule. Except as otherwise provided in this Section 10, options, Stock Appreciation Rights and Limited Rights may not be sold, pledged, assigned, hypothecated, or transferred other than by Designation of Beneficiary, or if none, by will or the laws of descent and distribution upon the Holder's death, and may be exercised during the lifetime of the Grantee only by such Grantee or by his guardian or legal representative. All grants under the Plan, with the exception of Incentive Stock Options and any Stock Appreciation Rights and Limited Rights relating thereto, may be transferred pursuant to a Qualified Domestic Relations Order.

> (b) Transfers Permitted by the Committee. Subject to this Section 10 and except as the Committee may otherwise prescribe from time to time, the Committee may act to permit the transfer or assignment of an option (together with any related Stock Appreciation Right and/or Limited Right) by a Grantee for no consideration to the Grantee's Family Members, trusts for the sole benefit of the Grantee's Family Members, or partnerships whose only partners are Family Members of the Grantee; provided, however, that any such permitted transfer or assignment shall not apply to an option that is an Incentive Stock Option (but only if nontransferability is necessary in order for the option to qualify as an Incentive Stock Option) and to any Stock Appreciation Rights or Limited Rights related to an Incentive Stock Option.
>
> (c) Other Permitted Transfers. Unless the Committee otherwise determines at the time of grant, the following options (together with any related Stock Appreciation Right and/or Limited Right) may be transferred or assigned by the Grantee thereof for no consideration to the Grantee's Family Members, trusts for the sole benefit of the Grantee's Family Members, or partnerships whose only partners are Family Members of the Grantee: (i) Director Options; and (ii) options that both (x) are granted to or held by an individual who is an officer of the Company, and (y) at the time of grant, are Nonqualified Options. The provisions of this Section 10(c) shall be applicable to any such option (described in the preceding sentence) granted prior to July 22, 1998 notwithstanding that the written agreement evidencing such option does not permit such transfer or assignment.
>
> (d) Method and Effect of Transfer. Any permitted transfer or assignment of an option and any Stock Appreciation Right and/or Limited Right related thereto shall only be effective upon receipt by the General Counsel, the Chief Financial Officer, or the Treasurer of the Company (or such

other person as the Committee may designate) of an instrument acceptable in form and substance to the Committee that effects the transfer or assignment and that contains an agreement by the Transferee to accept and comply with all the terms and conditions of the stock option award and this Plan. A Transferee shall possess all the same rights and obligations as the Grantee under the Plan, except that

the Transferee can subsequently transfer such option and any related Stock Appreciation Rights and/or Limited Rights only by (i) Designation of Beneficiary or, if none, then by will or the laws of descent and distribution, or (ii) a transfer to a beneficiary or partner if the Transferee is a trust or partnership, respectively.

(e) Satisfaction of Withholding Tax Obligations. Unless the Committee otherwise prescribes, upon the exercise of a Nonqualified Option or its related Stock Appreciation Rights or Limited Rights by a Transferee, when and as permitted in accordance with this Section 10, the Grantee is required to satisfy the applicable withholding tax obligations by paying cash to the Company with respect to any income recognized by the Grantee upon the exercise of such option by the Transferee. If the Grantee does not satisfy the applicable withholding tax obligations on the exercise date of the option or related Stock Appreciation Right or Limited Right, the Company shall, in the case of the exercise of an option, retain from the Shares to be issued to the Transferee upon the exercise of the option a number of Shares having a Current Market Value on the exercise date equal to the mandatory withholding tax payable by the Grantee or, in the case of the exercise of a Stock Appreciation Right or Limited Right, deduct from the cash to be delivered to the Transferee such amount as in equal to the mandatory withholding taxes payable by the Grantee.

PART 5. The last sentence of Section 17 of the Plan is amended to read as follows:

No option shall be granted under the Plan after December 31, 1998.

PART 6. The term "option holder" is changed to "Grantee" in the following places:

1. Section 9(A)(c), all uses.

2. Section 9A(d)(2), (3), and (4), all uses.

3. 9A(e).

IN WITNESS WHEREOF, the undersigned officer has executed this Second Amendment as of the day and year first written above.

FLOWSERVE CORPORATION

By /s/ Ronald F. Shuff

Ronald F. Shuff
Vice President, Secretary
and General Counsel

EXHIBIT 10.28

7-7-98

FLOWSERVE CORPORATION

FIRST AMENDMENT TO 1997 STOCK OPTION PLAN

THIS AMENDMENT of the Flowserve Corporation 1997 Stock Option Plan (the "Plan") is being executed as of the 22nd day of July, 1998 under the following circumstances:

A. The Plan was adopted by the Board of Directors of Flowserve Corporation (the "Company") in February 1997 and was approved by the shareholders of the Company on April 24, 1997.

B. Pursuant to authorization by the Compensation Committee of the Board of Directors, the Plan is being amended by this First Amendment.

NOW, THEREFORE, the Plan is hereby amended, effective July 22nd, 1998, as follows:

PART 1. Section 2(j) of the Plan is amended by deleting the phrase "the Chief Financial Officer or Treasurer of the Company" and inserting in lieu thereof the phrase "the General Counsel, the Chief Financial Officer, or the Treasurer of the Company".

PART 2. The caption of Section 10(b) is amended to read as follows: "Transfers Permitted by the Committee."

PART 3. Section 10 of the Plan is further amended by inserting the following as subsection (c) immediately following the first paragraph of subsection (b):

> (c) Other Permitted Transfers. Unless the Committee otherwise determines at the time of grant, the following options (together with any related Stock Appreciation Right and/or Limited Right) may be transferred or assigned by the Grantee thereof for no consideration to the Grantee's Family Members, trusts for the sole benefit of the Grantee's Family Members, or partnerships whose only partners are Family Members of the Grantee: (i) Director Options; and (ii) options that both (x) are granted to or held by an individual who is an officer of the Company, and (y) at the time of grant, are Nonqualified Options. The provisions of this Section 10(c) shall be applicable to any such option (described in the preceding sentence) granted

> prior to July 22, 1998 notwithstanding that the written agreement evidencing such option does not permit such transfer or assignment.

PART 4. Section 10 of the Plan is further amended by designating the second paragraph of subsection (b) as subsection (d) and inserting the following caption at the beginning of such paragraph: "(d) Method and Effect of Transfer." Such paragraph is further amended by deleting the phrase "the Chief Financial Officer or Treasurer of the Company" and inserting in lieu thereof the phrase "the General Counsel, the Chief Financial Officer, or the Treasurer of the

Company".

PART 4. Section 10 of the Plan is further amended by designating the third paragraph of subsection (b) as subsection (e) and inserting the following caption at the beginning of such paragraph: "(e) Satisfaction of Withholding Obligations."

IN WITNESS WHEREOF, the undersigned officer has executed this First Amendment as of the day and year first written above.

FLOWSERVE CORPORATION

By /s/ Ronald F. Shuff

Ronald F. Shuff
Vice President, Secretary
and General Counsel

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