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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 March 31, 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. 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 March 31, 1998	40,754,188

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PART I: Financial Information

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FLOWSERVE CORPORATION
Consolidated Statements of Income
(Unaudited)

(Amounts in thousands, except per share data)	For the quarter ended March 31 1998	1997
Net sales	$ 258,317	$ 262,511

Cost of sales	157,119	158,362
Gross profit	101,198	104,149
Selling and administrative expense	64,201	68,387
Research, engineering and development expense	7,365	6,408
Merger integration expense	7,645	--
Operating income	21,987	29,354
Interest expense	3,125	3,334
Other income	(1,308)	(655)
Earnings before income taxes	20,170	26,675
Provision for income taxes	7,059	9,871
Net earnings	$ 13,111	$ 16,804
Earnings per share (diluted and basic)	$ 0.32	$ 0.41
Average shares outstanding	41,018	40,680

See accompanying notes to consolidated financial statements.

FLOWSERVE CORPORATION
Consolidated Balance Sheets

(Amounts in thousands)	March 31, 1998 (Unaudited)	December 31, 1997
ASSETS		
Current assets:		
Cash and cash equivalents	$ 40,016	$ 58,602
Accounts receivable, net	225,516	234,437
Inventories	195,019	184,944
Prepaids and other current assets	33,556	36,681
Total current assets	494,107	514,664
Property, plant and equipment, net	209,657	209,509
Intangible assets, net	77,142	79,748
Other assets	82,715	76,104
Total assets	$ 863,621	$ 880,025

See accompanying notes to consolidated financial statements.

FLOWSERVE CORPORATION
Consolidated Balance Sheets

(Amounts in thousands, except per share data)	March 31, 1998 (unaudited)	December 31, 1997
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 66,185	$ 68,241
Notes payable	15,005	5,644
Income taxes	18,969	15,548
Accrued liabilities	103,312	128,802
Long-term debt due within one year	9,592	12,209
Total current liabilities	213,063	230,444
Long-term debt due after one year	125,210	128,936
Postretirement benefits and deferred items	121,747	125,372
Shareholders' equity:		
Serial preferred stock, $1.00 par value, no shares issued	--	--
Common stock, $1.25 par value, 41,484 shares issued and outstanding at March 31, 1998 and December 31, 1997, respectively	51,856	51,856
Capital in excess of par value	70,621	70,895
Retained earnings	334,096	326,681
	456,573	449,432
Treasury stock at cost, 730 shares at March 31, 1998 and 881 shares at December 31, 1997, respectively	(19,217)	(23,145)
Foreign currency and other equity adjustments	(33,755)	(31,014)
Total shareholders' equity	403,601	395,273
Total liabilities and shareholders' equity	$ 863,621	$ 880,025

See accompanying notes to consolidated financial statements.

FLOWSERVE CORPORATION
Consolidated Statements of Shareholders' Equity
(Unaudited)

Common	Capital in excess of	Retained	Treasury	Foreign currency and other equity	Total share-holders'

(Amounts in thousands)	stock	par value	earnings	stock	adjustments	equity
Balance at December 31, 1996	$ 51,854	$ 72,628	$ 298,563	$ (27,455)	$ (6,966)	$ 388,624
Net earnings	--	--	16,804	--	--	16,804
Cash dividends ($.14 per share)	--	--	(5,960)	--	--	(5,960)
Foreign currency translation adjustment	--	--	--	--	(11,559)	(11,559)
Stock activity under stock plans	(1)	(164)	--	462	168	465
Balance at March 31, 1997	$ 51,853	$ 72,464	$ 309,407	$ (26,993)	$ (18,357)	$ 388,374
Balance at December 31, 1997	$ 51,856	$ 70,895	$ 326,681	$ (23,145)	$ (31,014)	$ 395,273
Net earnings	--	--	13,111	--	--	13,111
Cash dividends ($.14 per share)	--	--	(5,696)	--	--	(5,696)
Foreign currency translation adjustment	--	--	--	--	(2,786)	(2,786)
Stock activity under stock plans	--	(274)	--	3,928	45	3,699
Balance at March 31, 1998	$ 51,856	$ 70,621	$ 334,096	$ (19,217)	$ (33,755)	$ 403,601

See accompanying notes to consolidated financial statements.

FLOWSERVE CORPORATION
Consolidated Statements of Cash Flows
(Unaudited)

(Amounts in thousands)	For the quarter ended March 31 1998	1997
Operating activities:		
Net earnings	$ 13,111	$ 16,804
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	9,817	9,068
Loss on the sale of fixed assets	23	83
Change in assets and liabilities, net of effects of acquisitions:		
Accounts receivable	8,361	(4,094)
Inventories	(10,686)	(12,015)
Prepaid expenses and other assets	(1,899)	(4,421)
Accounts payable and accrued liabilities	(28,121)	(10,172)
Income taxes	3,230	5,257
Postretirement benefits and deferred items	(2,727)	(2,461)
Net cash flows used by operating activities	(8,891)	(1,951)
Investing activities:		
Capital expenditures	(9,939)	(7,364)
Net cash flows from investing activities:	(9,939)	(7,364)
Financing activities:		
Net borrowings under lines of credit	9,260	10,249
Payments on long-term debt	(8,903)	(3,930)
Proceeds from long-term debt	2,916	2,473
Proceeds from stock activity	3,196	307
Dividends paid	(5,696)	(5,960)
Net cash flows from financing activities	773	3,139
Effect of exchange rate changes	(529)	(1,286)
Net change in cash and cash equivalents	(18,586)	(7,462)
Cash and cash equivalents at beginning of year	58,602	38,933
Cash and cash equivalents at end of period	$ 40,016	$ 31,471
Taxes paid	$ 3,638	$ 4,059
Interest paid	$ 1,997	$ 1,901

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 March 31, 1998 and the related consolidated statements of income and cash flows for the three months ended March 31, 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 March 31, 1998 and the year ended December 31, 1997 were as follows:

(Dollars in thousands)	March 31, 1998	December 31, 1997
Raw materials	$ 21,649	$ 18,082
Work in process and finished goods	224,473	216,377
Less: Progress billings	(11,836)	(10,903)
	234,286	223,556
LIFO reserve	39,267	38,612
Net inventory	$ 195,019	$ 184,944
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 March 31, 1998 and all previous periods. Accordingly, diluted earnings per share are equal to basic earnings per share for all periods presented.

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, including $7.0 million recorded in the fourth quarter of 1997 and $7.6 million in the first quarter of 1998. 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 first quarter ended March 31, 1998, severance costs of $2.3 million and exit costs of $0.4 million were paid. The remainder of the costs are expected to be incurred over the life of the program.

(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

7. Subsequent Events

On April 28, 1998 the Company announced its intentions to enhance its capabilities to access more credit markets to fund internal and external growth opportunities. The Company will begin the process of establishing short-term and long-term credit ratings with rating agencies and filing an initial $250-million public debt shelf registration.

The Company also announced a $100 million share repurchase program. Purchases under the share repurchase program will be made on an open-market basis at prevailing market prices. The timing of any repurchases will depend on market conditions, the market price of Flowserve's common stock, and management's assessment of the Company's liquidity and cash flow needs. Based on current prices, completion of this repurchase program would reduce the number of outstanding shares by about eight percent. Repurchased common stock will be added to the Company's treasury shares.

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

Net sales for the three months ended March 31, 1998 were $ 258.3 million, compared with net sales of $ 262.5 million for the same period in 1997. Sales decreased approximately $8.0 million due to the strengthening of the U.S. dollar against foreign currencies and approximately $5.0 million due to businesses sold in 1997. Excluding these impacts, sales would have increased 3%. Net sales to international customers, including export sales from the U.S., were 50% for the three months ending March 31, 1998 and 49% for the three months ending March 31, 1997.

The gross profit margin was 39.2% for the three months ended March 31, 1998. This compares with 39.7% for the same period in 1997. The slight decrease in the margin was due to a higher percentage of lower-margin engineered pump original equipment sales. Selling, general and administrative expenses as a percentage of net sales were 24.9% for the three month period ended March 31, 1998, compared with 26.1% for the corresponding period of 1997. The decrease primarily reflects approximately $3.0 million of synergy benefits related to the merger integration program.

Net earnings, after merger integration expense, were $13.1 million for the three months ended March 31, 1998, compared with $16.8 million for the same period in 1997. The effective tax rate was 35% in 1998 compared with 37% in 1997. The related net earnings per diluted share, after merger integration expense, were $0.32 for the first quarter of 1998, compared with $0.41 in 1997.

Earnings before merger integration expense were $18.1 million in the first quarter of 1998, compared with $16.8 million for the same period in 1997. Earnings per diluted share before merger integration expense were $0.44 in the first quarter of 1998, compared with $0.41 in 1997.

Bookings of $268.0 million for the first quarter of 1998 were 10% below the $298.2 million in the first quarter of 1997. Bookings decreased approximately $8.0 million due to business divestitures in 1997 and approximately $8.0 million due to strengthening of the U.S. dollar against foreign currencies. Excluding these impacts, bookings would have decreased 5%. The decrease in oil prices and Asian economic conditions also delayed several projects, contributing to the decline in bookings for the quarter. Backlog at March 31, 1998 was $301.1 million, compared with $291.6 million at December 31, 1997.

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, including $7.0 million recorded in the fourth quarter of 1997 and $7.6 million in the first quarter of 1998. 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 first quarter ended March 31, 1998, severance costs of $2.3 million and exit costs of $0.4 million were paid. The remainder of the costs are expected to be incurred over the life of the program.

The Company believes the 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 savings of approximately $3.0 million in the first quarter of 1998.

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 March 31, 1998, total debt was 27.1% of the Company's capital structure, unchanged from December 31, 1997. Based upon annualized 1998 results, the interest coverage ratio of the Company's indebtedness was 7.5 times interest at March 31, 1998, compared with 7.8 times interest for the twelve months ended December 31, 1997.

The return on average net assets based on annualized results for March 31, 1998, before merger integration expense, was 12.2%, compared with 13.7% for December 31, 1997. Including the impact of merger integration expense, the annualized return on average net assets was 9.2% for March 31, 1998, compared with 9.0% for December 31, 1997. The annualized return on average shareholders' equity, before merger integration expense, was 18.2% at March 31, 1998, compared with 20.4% for December 31, 1997. Annualized return on average shareholders' equity, including merger integration expense, was 13.2% for March 31, 1998 versus 13.0% for December 31, 1997.

The Company believes that cash flow generated by operations and amounts available under borrowing arrangements will be adequate to fund normal operating needs, the integration plans, capital expenditures, share repurchases, required debt payments and dividends through the remainder of the year.

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 will begin the process of establishing short-term and long-term credit ratings with rating agencies and filing an initial $250-million public debt shelf registration.

The Company also announced a $100 million share repurchase program. Purchases under the share repurchase program will be made on an open-market basis at prevailing market prices. The timing of any repurchases will depend on market conditions, the market price of Flowserve's common stock, and management's assessment of the Company's liquidity and cash flow needs. Based on current prices, completion of this repurchase program would reduce the number of outstanding shares by about eight percent. Repurchased common stock will be added to the Company's treasury shares.

SAFE HARBOR STATEMENT

This document contains various forward-looking statements and includes assumptions about the Company'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 the Company's strategies; political risks or trade embargoes affecting important country markets; foreign currency fluctuations; continued economic turmoil in Asian markets; and prolonged periods where the price of oil is below historical levels.

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: May 14, 1998
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PART II
OTHER INFORMATION

ITEM 1 Not Applicable During Reporting Period

ITEM 2 Changes in Securities

(c) During 1997 and 1996, the Company issued 21,700 and 29,900 shares of restricted common stock, respectively, 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 officers of the Company subject to restrictions on transfer.

ITEM 3 Not Applicable During Reporting Period

ITEM 4 Not Applicable During Reporting Period

ITEM 5 Not Applicable During Reporting Period

ITEM 6 Exhibits and Reports on Form 8-K

(a) The following Exhibits are attached hereto:

10.27 BW/IP International, Inc. Supplemental Executive Retirement Plan as amended and restated as of January 1, 1997.

27.1 Financial Data Schedule

All other Exhibits are incorporated by reference

(b) None.

INDEX TO EXHIBITS

EXHIBIT NO.	DESCRIPTION
2.1	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.
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 to Rights Agreement dated August 1, 1996 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 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.

4.7 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.

4.8 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.

4.9 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.

4.10 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.

4.11 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.

4.12 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.

4.13 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.

4.14 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.

4.15 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.

4.16 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 The Duriron Company, Inc. 1989 Restricted Stock Plan (the "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.**

10.15 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.**

10.16 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.**

10.17 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.**

10.18 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.**

10.19 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.**

10.20 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.**

10.21 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.**

10.22 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.**

10.23 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.**

10.24 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.**

10.25 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.**

10.26 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.**

10.27 BW/IP International, Inc. Supplemental Executive Retirement Plan as amended and restated. (filed herewith).**

10.28 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.**

10.29 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.**

10.30 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.**

10.31 BW/IP International, Inc. 1997 Management Incentive Plan was filed as Exhibit 10.kk to BW/IP's Annual Report on Form 10-K for the year ended December 31, 1996.**

10.32 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.**

10.33 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.**

27.1 Financial Data Schedule submitted to the SEC in electronic format (filed herewith).

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"*" For exhibits of the Company incorporated by reference into this Quarterly Report on Form 10-Q from 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 10.27

BW/IP INTERNATIONAL, INC.
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
AS AMENDED AND RESTATED AS OF JANUARY 1, 1997

INTRODUCTION
PURPOSE AND SCOPE

Herein follows the BW/IP INTERNATIONAL, INC. SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN, AS AMENDED AND RESTATED AS OF JANUARY 1, 1997 ("Plan"). The Plan is sponsored by BW/IP INTERNATIONAL, INC. for certain of its selected executive and management employees. For purposes of this Plan, the term "Employer" shall mean BW/IP International, Inc. (the "Company") and the divisions, subsidiaries and affiliates of the Company which are participating in the Plan, including without limitation BW/IP, Inc. Divisions of an Employer shall participate in the Plan as determined from time to time by the Compensation, Benefits and Organization Committee of the Company. Subsidiaries and affiliates of an Employer shall participate in the Plan by taking appropriate corporate action with the Company's consent. The Plan is intended to provide supplemental retirement income for the eligible employees in excess of certain legal limitations applicable for qualified retirement plans, as set forth in greater detail below.

SECTION 1
ELIGIBILITY

1.1 Each Employer, in its sole discretion and acting through its Board of Directors, shall determine, on a case by case basis, eligibility for participation in this Plan. In no event, however, may an individual be selected for participation herein unless he satisfies all of the following requirements:

(a) He is, at the time of determination, a participant in the BW/IP International, Inc. Retirement Plan (the "Qualified Plan") and has five (5) years of Credited Service under the Qualified Plan; and

(b) He is employed in a management capacity, or is highly compensated, or both.

1.2 Upon satisfying the requirements for participation in subsection 1.1 above, and being selected by his Employer, the employee shall become a "Participant" hereunder. All periods of service of a Participant taken into account under the Qualified Plan shall be treated as service for all purposes hereunder.

SECTION 2
RETIREMENT AGE AND BENEFITS

2.1 In General. The Plan is designed to provide the Participant with a Normal Retirement Pension commencing at age 65, or a Late Retirement Pension if the Participant separates from service after attaining age 65, which, when added to such Participant's benefits payable under the Qualified Plan, will generally, but subject to Section 2.2 below, equal the level of benefit that would be provided under the Qualified Plan without reduction for the limitations contained in Section 415 of the Internal Revenue Code of 1986, as amended (the "Code"), as applicable to retirement plans qualified under Section 401 of the Code. It is intended that a Participant's benefits hereunder shall be computed without regard to those benefits provided under any other employee benefit plan of any Employer (including the BW/IP International, Inc. Capital Accumulation Plan), other than the Qualified Plan and such other plans of an Employer the benefits of which directly reduce (other than on account of any limitation contained in the Code), or are taken into account in computing, the Retirement Pension of the Participant under the Qualified Plan.

As set forth in greater detail below, certain Participants may be eligible to receive benefits under this Plan prior to attaining age 65, which benefits may be reduced in certain circumstances.

2.2 Normal and Late Retirement Pension. A Normal Retirement Pension shall be payable to a Participant retiring at such Participant's Normal Retirement Date commencing on the following

of the first day of the calendar month coincident with or next following such Participant's actual retirement. The benefit commencement date for late retirement benefits shall be a date which is not more than thirty (30) days after the Participant separates from service. The Normal Retirement Pension shall be computed without regard to the limitations contained in Sections 5.05, 5.06 or 12 of the Qualified Plan, but with regard to the limitation contained in Section 5.07 of the Qualified Plan, and shall be equal to the difference of:

(a) the greater of:

(i) one-twelfth of the sum of:

(A) 1.15% of his Final Average Earnings, but not in excess of his Covered Compensation, multiplied by the number of Plan Years and fractions thereof, with completed months as twelfths, of his Credited Service.

(B) 1.6% of his Final Average Earnings in excess of his Covered Compensation multiplied by the number of Plan Years and fractions thereof, with completed months as twelfths, of his Credited Service.

(C) .50% of his Final Average Earnings, multiplied by the number of Plan Years and fractions thereof, with completed months as twelfths, of his Continuous Service in excess of 30 years but not in excess of 40 years.

Provided, however, as to any Participant who was a Non-Highly Compensated Employee prior to January 1, 1992 the amount of his monthly Normal Retirement Pension hereunder shall not be less than the amount of his monthly Normal Retirement Pension under the Qualified Plan which would have been accrued as of December 31, 1991, and as to any Participant who was a Highly Compensated Employee prior to January 1, 1992 the amount of his monthly Normal Retirement Pension hereunder shall not be less than the amount of his monthly Normal Retirement Pension under the Qualified Plan which was accrued as of December 31, 1988, each under the formula set forth in Section 5.01 of the Qualified Plan as it existed on December 31, 1991.

(ii) The "Minimum Normal Retirement Pension" which shall mean:

(A) in the case of an individual who was a Participant under the Prior Plan on December 31, 1984 and had reached age fifty-five (55) on or prior to December 31, 1984, the amount of the monthly Normal Retirement Pension to which he would be entitled at such Participant's Normal Retirement

Date determined under the provisions of the Prior Plan as in effect prior to January 1, 1985, and based on such Participant's Continuous Service, Credited Service and Final Average Earnings at such Participant's Normal Retirement Date; or

(B) in the case of an individual who was a Participant under the Prior Plan on December 31, 1984 and had not reached age fifty-five (55) on or prior to December 31, 1984, the amount computed as of December 31, 1984, to be the monthly Normal Retirement Pension to which he would be entitled at such Participant's Normal Retirement Date determined under the provisions of the Prior Plan as in effect prior to January 1, 1985; less

(b) the Normal Retirement Pension payable to such Participant under the Qualified Plan.

The Normal Retirement Pension hereunder of a Participant shall not be decreased by reason of any increase in the benefit levels or wage base under the provisions of Title II of the Social Security Act if such increase takes place after the earlier of the date as of which the Participant begins to receive payments under the Plan or the date the Participant separates from service.

The Normal Retirement Pension hereunder of a Participant who continues in the employ of an Employer after his Normal Retirement Date shall be the greater of (1) the Actuarial Equivalent of the Normal Retirement Pension hereunder to which the Participant would have been entitled at his Normal Retirement Date, adjusted to reflect the value, if any, of the amounts of benefits accrued by him as of his Normal Retirement Date and not paid to him for any calendar month commencing on or after his Normal Retirement Date in which he fails to complete at least one

Hour of Service per day for at least eight days during that calendar month, and (2) the amount of a benefit computed as a Normal Retirement Benefit hereunder based upon the Participant's Continuous Service and Credited Service at his actual date of retirement from the Company and all Affiliated Companies. Notwithstanding any other provision hereof, the terms "Compensation" and "Earnings," as defined in the Qualified Plan, when used for any purpose hereunder, directly or derivatively, shall be applied without regard to any limit thereon provided for under Section 401(a)(17) of the Code.

2.3 Vested Deferred Retirement Pension. A Participant shall be entitled to a Vested Deferred Retirement Pension hereunder upon the same conditions and terms as provided in the Qualified Plan. The monthly Vested Deferred Retirement Pension hereunder shall be an amount equal to the difference of:

(a) the amount determined under Section 2.2 hereof, without regard to the reduction for the Normal Retirement Pension under the Qualified Plan provided in subsection (b) thereof, as in effect on the date such Participant ceased to be an Eligible Employee and based on his Continuous Service and Credited Service on such date; less

(b) the Participant's Vested Deferred Retirement Pension under the Qualified Plan.

2.4 Early Retirement Pension. A Participant who has attained age fifty-five (55) shall be entitled to retire early under this Plan and to receive an Early Retirement Pension. An Early Retirement Pension hereunder shall be payable at the time, in the manner and upon the same conditions as the Participant's Early Retirement Pension is payable and paid under the Qualified Plan. The monthly Early Retirement Pension hereunder will be an amount equal to the difference of:

(a) the amount determined in accordance with the provisions of Section 2.2 hereof, without regard to the reduction for the Normal Retirement Pension under the Qualified Plan provided in subsection (b) thereof, based on such Participant's Continuous Service and Credited Service at such Participant's Early Retirement Date, multiplied by the percentages set forth in the Table contained in Exhibit A attached to the Qualified Plan in effect on the date of such Participant's Early Retirement; less

(b) the Participant's Early Retirement Pension under the Qualified Plan.

2.5 Disability Retirement Pension. A Participant shall be entitled to a Disability Retirement Pension hereunder upon the same conditions and terms as provided in the Qualified Plan.

The monthly Disability Retirement Pension hereunder shall be an amount equal to the difference of:

(a) the sum of:

(i) The amount determined in accordance with Section 2.2 hereof, without regard to the reduction for the Normal Retirement Pension under the Qualified Plan provided in subsection (b) thereof, based on his Continuous Service and Credited Service prior to the earlier of his Termination Date or the first anniversary date of the date his Authorized Leave of Absence for medical reasons commenced; and

(ii) If the Participant is not entitled to Social Security Benefits, an amount equal to $2.80 multiplied by his complete Plan Years of Continuous Service prior to the applicable date described in Subsection 3(a)(i); less

(b) the Participant's Disability Retirement Benefit under the Qualified Plan and any amount payable due to any sickness, injury or disability benefits under any other Employer sponsored plan, except for any benefits provided by any long term disability income plan under which the benefits are reduced by the benefits payable under the Qualified Plan or this Plan.

SECTION 4
SURVIVING SPOUSE BENEFITS

In the event a Participant who is married dies and the spouse of such Participant is entitled under the Qualified Plan to a Surviving Spouse's Benefit, Automatic Death Before Age 55 Surviving Spouse Benefit, Automatic

Post-Termination Surviving Spouse Benefit, Automatic Joint and Contingent Annuitant Benefit or other form of benefit, such spouse shall receive a benefit hereunder in the same form, at the same time and upon the same terms as under the Qualified Plan with such benefit hereunder in an amount, subject to Section 5 hereof, equal to the difference of:

(a) an amount computed as if such surviving spouse's benefit hereunder were payable under the Qualified Plan, but using the amount of such Participant's Retirement Pension determined hereunder, whether such pension is a Normal Retirement Pension, Early Retirement Pension, Disability Retirement Pension or Vested Deferred Retirement Pension; less

(b) the amount of any surviving spouse's benefit under the Qualified Plan.

SECTION 5
PAYMENT MODES AND PERIODS

The form, manner and duration of any benefits paid to a Participant under this Plan shall be in the same form, manner and duration as such Participant's benefits are paid under the Qualified Plan, and any elections made under the Qualified Plan shall be binding as to any optional provisions hereunder, including any election of a Participant in favor of an Early Retirement Pension or Vested Deferred Retirement Pension, beneficiary designations and elections as to optional forms of benefit. Provided, that in the event that (a) the Participant shall receive any form of annuity benefit under the Qualified Plan payable over the life of the Participant and his beneficiary (including his spouse), (b) such beneficiary is five or more years younger than such Participant and (c) the amount payable to such beneficiary is not actuarially reduced under the Qualified Plan on account of such age difference, then the annuity benefit payable to such beneficiary hereunder shall be actuarially reduced so that such benefit payable hereunder shall be in an amount as if such reduction was contained in the Qualified Plan.

SECTION 6
OTHER MATTERS

6.1 The Company retains the right, through the duly taken action of the Compensation, Benefits and Organization Committee of its Board of Directors, or if the Board of Directors shall determine by the duly taken action of the Board of Directors, at any time to amend, change,

modify or terminate this Plan and the terms thereof; provided however, that no amendment of this Plan shall have an adverse effect upon benefits hereunder that may not be reduced under the Internal Revenue code, ERISA or any other applicable provision of law and no amendment shall have the effect of reducing any benefits theretofore payable to or on behalf of the then Participants. In determining the benefits protected for any given Participant under the preceding sentence, only those benefits calculated as of the date of such amendment or termination which are based entirely on the years of service completed by the Participant, the Final Average Earnings of the Participant as if computed as of the date of such amendment or termination, and all other assumptions, limitations, rates of interest and all other factors necessary to determine the benefit of any given Participant which exist or are in effect as of the date of such amendment or termination shall be considered accrued and not subject to reduction or elimination. Subject to the preceding sentence, in the event that the Qualified Plan is amended, this Plan shall be deemed amended in all material respects so as to conform to such amendments to the Qualified Plan; provided, however, that no amendment to the formula for determining the amount or rate of accrual of the Normal Retirement Pension, Early Retirement Pension, Deferred Vested Retirement Pension or Disability Retirement Pension under the Qualified Plan shall be deemed to be an amendment to this Plan in the absence of an express amendment hereto.

6.2 This Plan confers unto no employee or Participant any right to employment whatsoever, and shall not be construed as an agreement for employment.

6.3 This Plan is effective as of January 1, 1992.

6.4 Neither the Participant, his spouse, nor any other beneficiary under this Plan shall have any power to transfer, pledge, assign, hypothecate, or otherwise encumber in advance any of the benefits payable hereunder, nor shall said benefits be subject to seizure for the payment of any debts or judgements, or be transferable by operation of law in the event of bankruptcy, insolvency or otherwise.

6.5 Nothing in this Plan shall affect any right which the Participant may otherwise have to participate in or under, any other retirement plan or agreement which any Employer may now or hereafter have.

6.6 This Plan shall be interpreted and enforced under the laws of the State of California. All matters of interpretation of the terms hereof and all determinations concerning the entitlement of any person to any benefit or other right hereunder are hereby reserved exclusively to the Company, to be exercised in its sole and absolute discretion, except as the same may from time to time be delegated by the Company to another person or group of persons in which instance such delegee or delegees shall have all discretionary authority of the Company with respect thereto. All such interpretations and determinations made shall be final and binding.

6.7 Wherever any words are used herein in the masculine gender they shall be construed as through they were also used in the feminine gender in all cases where they would so apply, and wherever any words are used herein in the singular form they shall be construed as though they were also used in the plural form in all cases where they would so apply.

6.8 Capitalized terms, except as defined specifically herein, shall have the meaning defined in the Qualified Plan, as the same may from time to time be amended.

IN WITNESS WHEREOF, the Company has caused this Plan to be executed at Long Beach, California as of January 1, 1997.

BW/IP INTERNATIONAL, INC.

By /s/ D.G. Taylor

Its Vice President

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