VIAD CORP

FORM 10-Q
(Quarterly Report)

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Address	1850 NORTH CENTRAL AVE SUITE 800
	PHOENIX, Arizona 85004-4545
Telephone	(602) 207-4000
CIK	0000884219
Industry	Business Services
Sector	Services
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 1996
Commission file number 001-11015

THE DIAL CORP
(Exact Name of Registrant as Specified in its Charter)

DELAWARE (State or Other Jurisdiction of Incorporation or Organization)	36-1169950 (I.R.S. Employer Identification No.)
DIAL TOWER, PHOENIX, ARIZONA (Address of Principal Executive Offices)	85077 (Zip Code)

Registrant's Telephone Number, Including Area Code (602)207-4000

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

Yes x No

As of April 30, 1996, 94,498,959 shares of Common Stock ($1.50 par value) were outstanding.

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

THE DIAL CORP
CONSOLIDATED BALANCE SHEET

(000 omitted)	March 31, 1996	December 31, 1995
ASSETS		
Current assets:		
Cash and cash equivalents	$ 26,219	$ 23,370
Receivables, less allowance of $20,066 and $18,895	234,338	210,290
Inventories	252,721	241,338
Deferred income taxes	65,006	64,514
Other current assets	44,411	46,420
	622,695	585,932
Funds, agents' receivables and current maturities of investments restricted for payment service obligations, after eliminating $90,000 invested in Dial commercial paper	556,750	786,081
Total current assets	1,179,445	1,372,013
Investments restricted for payment service obligations	877,655	880,035
Property and equipment	855,569	857,884
Other investments and assets	103,118	106,590
Deferred income taxes	149,509	145,500
Intangibles	857,730	863,164
	$ 4,023,026	$ 4,225,186

(000 omitted, except number of shares)	March 31, 1996	December 31, 1995
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term bank loans	$ 309	$ 317
Accounts payable	248,935	233,253
Accrued compensation	66,049	85,949
Other current liabilities	303,395	312,254
Current portion of long-term debt	77,338	78,000
	696,026	709,773
Payment service obligations	1,528,140	1,739,508
Total current liabilities	2,224,166	2,449,281
Long-term debt	822,733	814,294
Pension and other benefits	325,592	325,416
Other deferred items and insurance reserves	48,011	50,459
Minority interests	30,220	30,970
$4.75 Redeemable preferred stock	6,599	6,597
Common stock and other equity:		
Common stock, $1.50 par value, 200,000,000 shares authorized, 97,108,724 shares issued	145,663	145,663
Additional capital	352,146	362,205
Retained income	332,501	322,439
Cumulative translation adjustments	(18,064)	(18,380)
Unearned employee benefits	(192,778)	(213,996)
Unrealized (loss) gain on securities available for sale, net of tax	(5,334)	1,456
Common stock in treasury, at cost, 2,697,234 and 2,877,500 shares	(48,429)	(51,218)
Total common stock and other equity	565,705	548,169
	$ 4,023,026	$ 4,225,186

See Notes to Consolidated Financial Statements.

THE DIAL CORP
STATEMENT OF CONSOLIDATED INCOME

Three months ended March 31, (000 omitted, except per share data)	1996	1995
REVENUES	$ 936,413	$ 858,197
Costs and expenses:		
Costs of sales and services	866,591	794,337
Unallocated corporate expense and other items, net	11,640	11,149
Interest expense	19,955	18,427
Minority interests	31	63
	898,217	823,976
Income before income taxes	38,196	34,221
Income taxes	13,702	12,714
Income before cumulative effect of change in accounting principle	24,494	21,507
Cumulative effect, net of tax benefit of $7,554, to January 1, 1995, of initial application of SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of"		(17,696)
NET INCOME	$ 24,494	$ 3,811
INCOME PER COMMON SHARE:		
Income before cumulative effect of change in accounting principle	$ 0.27	$ 0.24
Cumulative effect, to January 1, 1995, of initial application of SFAS No. 121		(0.20)
NET INCOME PER COMMON SHARE	$ 0.27	$ 0.04
Dividends declared per common share	$ 0.16	$ 0.15
Average outstanding common and equivalent shares	90,783	87,956

See Notes to Consolidated Financial Statements.

THE DIAL CORP
STATEMENT OF RETAINED INCOME

Three months ended March 31, (000 omitted)	1996	1995
Balance, beginning of year	$ 322,439	$ 393,233
Net income	24,494	3,811
Dividends on common and preferred shares	(14,432)	(13,214)
Balance, end of period	$ 332,501	$ 383,830

See Notes to Consolidated Financial Statements.

THE DIAL CORP
STATEMENT OF CONSOLIDATED CASH FLOWS

Three months ended March 31, (000 omitted)	1996	1995
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES:		
Net income	$ 24,494	$ 3,811
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	29,878	29,202
Deferred income taxes	974	3,699
Cumulative effect of change in accounting principle		17,696
Other noncash items, net	2,121	3,293
Change in operating assets and liabilities:		
Receivables and inventories	(40,106)	(10,149)
Payment service assets and obligations, net	41,196	45,526
Accounts payable and accrued compensation	(4,218)	(80,105)
Other assets and liabilities, net	(7,274)	(840)
Net cash provided by operating activities	47,065	12,133
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES:		
Capital expenditures	(20,928)	(14,571)
Purchase of cruise ship previously leased		(39,447)
Acquisitions of businesses, net of cash acquired		(5,898)
Proceeds from sales of property and equipment	834	515
Investments restricted for payment service obligations:		
Proceeds from sales and maturities of securities classified as available for sale	215,962	107,283
Purchases of securities classified as available for sale	(155,780)	(139,599)
Purchases of securities classified as held to maturity	(91,511)	(4,516)
Other, net	(162)	(318)
Net cash used by investing activities	(51,585)	(96,551)
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES:		
Proceeds from long-term borrowings		15,000
Payments on long-term borrowings	(3,106)	(48)
Net change in short-term borrowings	10,836	30,622
Dividends on common and preferred stock	(14,432)	(13,214)
Proceeds from sale of treasury stock	13,077	9,039
Net change in receivables sold	2,248	25,000
Cash payments on interest rate swaps	(1,254)	(1,922)
Net cash provided by financing activities	7,369	64,477
Net increase (decrease) in cash and cash equivalents	2,849	(19,941)
Cash and cash equivalents, beginning of year	23,370	33,222
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 26,219	$ 13,281

See Notes to Consolidated Financial Statements.

THE DIAL CORP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A--Basis of Preparation

This information should be read in conjunction with the financial statements set forth in The Dial Corp Annual Report to Stockholders for the year ended December 31, 1995.

Accounting policies utilized in the preparation of the financial information presented herein are the same as set forth in The Dial Corp's annual financial statements except as modified for interim accounting policies which are within the guidelines set forth in Accounting Principles Board Opinion No. 28. The interim consolidated financial information is unaudited. In the opinion of management, all adjustments, consisting only of normal recurring accruals, necessary to present fairly Dial's financial position as of March 31, 1996, and the results of operations and cash flows for the three months ended March 31, 1996 and 1995 have been included. Interim results of operations are not necessarily indicative of the results of operations for the full year.

In February 1996, Dial's Board of Directors approved in principle (subject to final approval) a tax-free spin-off of its consumer products business from its services business. The separation is expected to be completed by the end of 1996. The accompanying consolidated financial statements include the accounts of Dial and all of its subsidiaries.

Certain reclassifications have been made to prior year's financial statements to conform to 1996 classifications.

NOTE B--Investments Restricted for Payment Service Obligations

Investments restricted for payment service obligations includes the following debt and equity securities:

(000 omitted)	March 31, 1996	December 31, 1995
Securities available for sale, at fair value (amortized cost of $641,569 and $701,143)	$ 632,825	$ 703,450
Securities held to maturity, at amortized cost (fair value of $277,084 and $191,186)	281,749	190,271
	914,574	893,721
Less current maturities	(36,919)	(13,686)
	$ 877,655	$ 880,035

NOTE C--Debt

At March 31, 1996 and December 31, 1995, Dial classified as long- term debt $388 million and $377 million, respectively, of short- term borrowings supported by unused commitments under long-term revolving credit agreements.

NOTE D--Income Taxes

A reconciliation of the provision for income taxes and the amount that would be computed using statutory federal income tax rates on income before income taxes for the three months ended March 31, is as follows:

(000 omitted)	1996	1995
Computed income taxes at statutory federal income tax rate of 35%	$ 13,369	$ 11,977
Nondeductible goodwill amortization	1,115	1,167
Minority interests	11	22
State income taxes	1,407	1,008
Tax-exempt income	(2,831)	(2,238)
Other, net	631	778
Provision for income taxes	$ 13,702	$ 12,714

NOTE E--Supplementary Information--Revenues and Operating Income

(000 omitted)	Revenues 1996	Revenues 1995	Operating Income 1996	Operating Income 1995
Consumer Products	$ 352,392	$ 337,862	$ 36,342	$ 33,802
Services:				
Airline Catering and Services	193,263	184,456	11,791	11,026
Convention Services	195,012	154,397	17,134	15,001
Travel and Leisure and Payment Services (1)	195,746	181,482	4,555	4,031
Total Services (1)	584,021	520,335	33,480	30,058
Total principal business segments	$ 936,413	$ 858,197	69,822	63,860
Unallocated corporate expense and other items, net			(11,640)	(11,149)
			$ 58,182	$ 52,711

(1) Dial's payment services subsidiary is investing increasing amounts in tax-exempt securities. On a fully taxable equivalent basis, revenues and operating income would be higher by $4,355,000 for the 1996 quarter and $3,443,000 for the 1995 quarter, respectively.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results:

On February 15, 1996, The Dial Corp ("Dial") announced that its Board of Directors had approved a proposal for a strategic restructuring which would separate Dial's consumer products and services businesses so that each would become an independent and more focused publicly traded company. Common stockholders are expected to receive a dividend of one share of the consumer products company for each Dial common share owned on the record date (the "Distribution").

The proposed restructuring plan, which was approved in principle, is subject to final approval by the Board of Directors and to certain conditions, including the receipt of a ruling from the Internal Revenue Service that the Distribution will be tax-free and confirmation that each of the two separate companies will retain investment-grade credit ratings.

Comparison of First Quarter of 1996 with First Quarter of 1995:

In the first quarter of 1996, revenues increased 9.1 percent to $936.4 million from $858.2 million in the 1995 quarter.

Net income for the first quarter of 1996 was $24.5 million, or $0.27 per share, compared to net income of $3.8 million, or $0.04 per share, in the 1995 first quarter. The 1995 first quarter is after deducting a one-time non-cash charge of $17.7 million, or $0.20 per share, to record the cumulative effect to January 1, 1995, of the initial application of SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." Income before cumulative effect of change in accounting principle was $24.5 million in 1996, up 13.9 percent from $21.5 million in the first quarter of 1995. Income per share before cumulative effect of change in accounting principle increased 12.5 percent to $0.27 per share in 1996 from 1995's $0.24 per share. Income per share did not increase at the same rate as income as there were 2.8 million more average common and equivalent shares outstanding in 1996 than in the 1995 quarter, due primarily to the effects of stock option exercises and other issuances related to employee benefit and dividend reinvestment plans.

Consumer Products
First quarter revenues of the Consumer Products group increased 4.3 percent to $352.4 million from the 1995 quarter's $337.9 million, while operating income increased 7.5 percent to $36.3 million from 1995's $33.8 million. Operating margins improved to 10.3 percent in 1996 from 10 percent in the 1995 first quarter.

Personal Care division's first quarter revenues increased $11 million over those of 1995. The revenue increase was attributed to new products and increased consumer consumption of all Dial soaps. The decline in operating income of $300,000 was a result of higher marketing and advertising expenses to support the Dial brands.

Food division's revenues increased $5.2 million over those of the 1995 first quarter, principally due to the effects of the 1995 inventory reduction program which resulted in lower revenues in 1995. Operating income decreased $700,000 from that of last year's quarter due primarily to higher meat costs in 1996.

Household division's first quarter 1996 revenues and operating income decreased $3.9 million and $400,000, respectively, from those of 1995's quarter, caused by softness in fabric care business and the discontinuation of liquid bleach and private label products, partially offset by strong growth in Renuzit sales.

Detergent division's 1996 revenues increased $500,000 from those of 1995's first quarter, with increases in Purex and Trend liquid detergents offset by decreases in dry detergents. Operating income increased $3.2 million in the same period due to lower manufacturing costs and reduced transportation and delivery expenses.

First quarter 1996 revenues and operating income of the International division increased $1.7 million and $700,000, respectively, over those of the 1995 first quarter due to higher exports to Canada and the operating results contributed by a subsidiary acquired in the third quarter of 1995.

Services
Combined Services revenues of $584 million were 12.2 percent greater than the 1995 first quarter's $520.3 million. Operating income rose 11.4 percent to $33.5 million from $30.1 million in the 1995 first quarter, with all major components contributing to the improvement.

Airline Catering and Services. First quarter revenues of the Airline Catering and Services group were $193.3 million, a 4.8 percent increase from those of the 1995 first quarter, while operating income increased 6.9 percent to $11.8 million. New business, including an eight-city contract from Continental Airlines, offset the adverse impact from severe weather conditions in the Southeast and on the East Coast which hampered operations and airline schedules during the first quarter of 1996. Operating margins improved to 6.1 percent from 1995's 6.0 percent.

Convention Services. Convention Services' first quarter revenues of $195 million were 26.3 percent greater than those of the 1995 quarter, while operating income increased 14.2 percent to $17.1 million. The 1996 first quarter benefitted from the fourth quarter 1995 acquisition of Giltspur. Operating margins decreased from 9.7 percent in 1995 to 8.8 percent in 1996, due to the change in the mix of convention business as a result of the addition of Giltspur.

Travel and Leisure and Payment Services. Revenues of the Travel and Leisure and Payment Services group were $195.7 million for the first quarter of 1996, up $14.3 million, or 7.9 percent, from those of the 1995 first quarter. Operating income increased 13 percent to $4.6 million. Dial's payment services subsidiary continues to invest increasing amounts in tax-exempt securities. On a fully taxable equivalent basis, revenues and operating income would have been $4.4 million and $3.4 million higher in 1996 and 1995, respectively. Operating margins on the fully taxable equivalent basis would be 4.5 percent in the first quarter of 1996, up from 4.0 percent in the 1995 first quarter.

On the fully taxable equivalent basis, revenues of payment services increased $5.4 million over those of 1995's first quarter, due principally to increased investment income arising from greater fund balances. On a fully taxable equivalent basis, operating income was up $1.5 million.

Canadian transportation companies' revenues increased $1.9 million over those of the 1995 first quarter, due largely to revenues contributed by a tour operation acquired in the second quarter of 1995 as well as to increased hotel occupancy in 1996. Operating income decreased $400,000 from 1995 to 1996 due to the off-season results of the acquired tour operation.

Duty Free airport and shipboard concession revenues increased $13.7 million, due primarily to a revised airport concession contract as well as an increase in the number of shipboard passenger days. Operating income was about the same as that of 1995, as income under the revised airport concession arrangement continued at 1995 levels.

Cruise revenues for the first quarter of 1996 increased $1.8 million over those of 1995, when drydocks for ship repairs impacted revenues. Operating results improved $2.8 million due to the increased revenues as well as lower lease expense resulting from the 1995 purchase of two cruise ships previously leased.

Travel tour service revenues increased $900,000 over those of the 1995 quarter while operating results declined $300,000. The revenue increases are attributed to passenger volume increases and revenues from a small tour operation acquired in the second quarter of 1995. Operating results decreased as a result of unfavorable changes in foreign exchange rates this quarter as well as off-season operating results of the acquired tour operation.

Food service revenues and operating income decreased $1 million and $1.6 million, respectively, from those of the 1995 quarter, due principally to the General Motors strike in March which temporarily closed plants served by Restaura's contract foodservice operation. Also, 1995 included income from a non- core operation which was sold in the second quarter of 1995.

Unallocated Corporate Expense and Other Items, Net Unallocated corporate expense increased $500,000, or 4 percent, over that of 1995 in line with overall business growth.

Interest Expense
Interest expense increased $1.5 million from 1995's quarter. Although interest rates on floating-rate debt eased somewhat from the 1995 first quarter, debt levels in the first quarter of 1996 were higher than in 1995. Increased debt levels were due to expenditures for acquisitions in 1995, including Giltspur in October 1995, as well as to the purchases of the Star/Ship Majestic in February 1995 and the Star/Ship Atlantic in July 1995 (both ships were previously leased).

Income Taxes
The effective tax rate in the 1996 first quarter was 35.9 percent, down from 37.2 percent last year. The reduction in the effective tax rate results primarily from the increased use of tax-exempt investments by Dial's payment services subsidiary.

Liquidity and Capital Resources:

The Dial Corp's total debt at March 31, 1996 was $900.3 million compared with $892.6 million at December 31, 1995. The debt-to-capital ratio at March 31, 1996 and December 31, 1995 was 0.60 to 1.

There were no other material changes in The Dial Corp's financial condition nor were there any substantive changes relative to matters discussed in the Liquidity and Capital Resources section of Management's Discussion and Analysis of Results of Operations and Financial Condition as presented in The Dial Corp Annual Report to Stockholders for the year ended December 31, 1995.

Recent Developments:

Dial's request for a ruling from the Internal Revenue Service that the spin-off of the consumer products business from the services business is tax-free was filed March 18, 1996. The timetable for the spin-off calls for a filing with the Securities and Exchange Commission by early June 1996, at which time certain preliminary information will become publicly available. It is currently expected that the actual Distribution will occur in the fall of 1996.

PART II. OTHER INFORMATION

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

No matters were submitted to a vote of security holders during the first quarter of 1996.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibit No. 11 - Statement Re Computation of Per Share Earnings.

Exhibit No. 27 - Financial Data Schedule

(b) A report on Form 8-K dated February 15, 1996 was filed by the registrant during the quarter for which this report is filed. The Form 8-K reported under Item 5 a proposal for a strategic restructuring which would separate Dial's consumer products and services businesses into two publicly traded companies. The related Press Release was filed as Exhibit 99 in Item 7 of the Form 8-K.

SIGNATURES

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

THE DIAL CORP
(Registrant)

May 10, 1996	*By /s/ Richard C. Stephan* *------------------------* *Richard C. Stephan* *Vice President-Controller* *(Chief Accounting Officer* *and Authorized Officer)*

THE DIAL CORP
STATEMENT RE COMPUTATION OF PER SHARE EARNINGS
(000 omitted)

Primary:	Three months ended March 31, 1996	1995
Net income	$ 24,494	$ 3,811
Less: Preferred stock dividends	(281)	(281)
Subsidiary dilutive securities		(4)
	$ 24,213	$ 3,526
Average common shares outstanding before common equivalents	88,277	86,108
Common equivalent stock options	2,506	1,848
	90,783	87,956
Net income per share (dollars)	$ 0.27	$ 0.04

	Three months ended March 31, 1996		1995	
Fully Diluted:	Common Shares	Income	Common Shares	Income
Average common and equivalent shares and net income per above	90,783	$ 24,213	87,956	$ 3,526
Common equivalent stock options			286	
	90,783	$ 24,213	88,242	$ 3,526
Net income per share (dollars)		$ 0.27		$ 0.04

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE DIAL CORP'S FORMS 10-Q FOR THE QUARTERLY PERIODS ENDED MARCH 31, 1996 AND MARCH 31, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS. THE INTERIM STATEMENTS FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1995 HAVE BEEN RESTATED TO REFLECT THE EARLY ADOPTION (ADOPTED IN THE FOURTH QUARTER OF 1995) OF SFAS NO. 121, "ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS AND FOR LONG-LIVED ASSETS TO BE DISPOSED OF." THE INITIAL APPLICATION OF SFAS NO. 121 TO LONG-LIVED ASSETS HELD FOR DISPOSAL AT JANUARY 1, 1995, RESULTED IN A NON-CASH CHARGE OF $17.7 MILLION (NET OF TAX BENEFIT OF $7.6 MILLION) AND WAS REPORTED AS A CUMULATIVE EFFECT, TO JANUARY 1, 1995, OF A CHANGE IN ACCOUNTING PRINCIPLE.

RESTATED:

MULTIPLIER: 1,000 Exhibit 27 THE DIAL CORP FINANCIAL DATA SCHEDULE

FISCAL YEAR END	DEC 31 1996	DEC 31 1995
PERIOD END	MAR 31 1996	MAR 31 1995
PERIOD TYPE	3 MOS	3 MOS
CASH	26,219	13,281
SECURITIES	0	0
RECEIVABLES	254,404	240,862
ALLOWANCES	20,066	20,408
INVENTORY	252,721	233,132
CURRENT ASSETS	1,179,445	1,072,058
PP&E	1,501,138	1,465,835
DEPRECIATION	645,569	633,953
TOTAL ASSETS	4,023,026	3,664,666
CURRENT LIABILITIES	2,224,166	1,882,432
BONDS	822,733	768,036
COMMON	145,663	145,663
PREFERRED MANDATORY	6,599	6,592
PREFERRED	0	0
OTHER SE	420,042	421,807
TOTAL LIABILITY AND EQUITY	4,023,026	3,664,666
SALES	352,392	337,862
TOTAL REVENUES	936,413	858,197
CGS	316,050	304,060
TOTAL COSTS	866,591	794,337
OTHER EXPENSES	11,640	11,149
LOSS PROVISION	0	0
INTEREST EXPENSE	19,955	18,427
INCOME PRETAX	38,196	34,221
INCOME TAX	13,702	12,714
INCOME CONTINUING	24,494	21,507
DISCONTINUED	0	0
EXTRAORDINARY	0	0
CHANGES	0	17,696
NET INCOME	24,494	3,811
EPS PRIMARY	0.27	0.04
EPS DILUTED	0.27	0.04

End of Filing