VIAD CORP

FORM 10-Q
(Quarterly Report)

Filed 11/10/1994 For Period Ending 9/30/1994

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 September 30, 1994
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 September 30, 1994, 92,552,218 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, except number of shares)	September 30, 1994	December 31, 1993
ASSETS		
Current assets:		
Cash and cash equivalents	$ 16,059	$ 10,659
Receivables, less allowance of $21,668 and $22,597	197,726	199,996
Inventories	217,989	216,837
Deferred income taxes	49,076	46,373
Other current assets	42,927	43,082
	523,777	516,947
Funds and agents' receivables restricted for payment service obligations, after eliminating $75,000 and $65,000 invested in Dial commercial paper	468,523	535,657
Total current assets	992,300	1,052,604
Investments restricted for payment service obligations:		
Securities available for sale	400,282	574,094
Securities held to maturity	319,416	
Property and equipment	804,123	740,724
Other investments and assets	71,809	59,757
Deferred income taxes	129,673	124,096
Intangibles	810,838	729,813
	$ 3,528,441	$ 3,281,088

(000 omitted, except number of shares)	September 30, 1994	December 31, 1993
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term bank loans	$ 467	$ 8,935
Accounts payable	218,497	248,975
Accrued compensation	78,341	69,060
Other current liabilities	249,788	272,430
Current portion of long-term debt	2,264	2,295
	549,357	601,695
Payment service obligations	1,259,462	1,147,063
Total current liabilities	1,808,819	1,748,758
Long-term debt	732,027	624,662
Pension and other benefits	316,789	295,656
Other deferred items and insurance reserves	94,316	99,834
Minority interests	26,103	35,866
$4.75 Redeemable preferred stock	6,589	6,624
Common stock and other equity:		
Common stock, $1.50 par value, 200,000,000 shares authorized, 97,108,724 and 48,554,362 (pre-split) shares issued	145,663	72,832
Additional capital	304,799	378,814
Retained income	372,688	304,481
Cumulative translation adjustments	(10,071)	(9,889)
Unearned employee benefits related to:		
Employee Equity Trust	(144,003)	(158,429)
Guarantee of ESOP debt	(30,236)	(31,511)
Unrealized loss on securities available for sale	(17,334)	
Common stock in treasury, at cost, 4,556,506 and 2,536,354 (pre-split) shares	(77,708)	(86,610)
Total common stock and other equity	543,798	469,688
	$ 3,528,441	$ 3,281,088

See Notes to Consolidated Financial Statements.

THE DIAL CORP
STATEMENT OF CONSOLIDATED INCOME

Quarter ended September 30, (000 omitted, except per share data)	1994	1993
Revenues	$ 912,523	$ 770,401
Costs and expenses:		
Costs of sales and services	811,037	687,028
Unallocated corporate expense and other items, net	12,841	12,401
Interest expense	14,271	12,729
Minority interests	2,638	2,692
	840,787	714,850
Income before income taxes	71,736	55,551
Income taxes	26,308	18,367
Income from Continuing Operations	45,428	37,184
Income from discontinued operations		22,354
Income before extraordinary charge	45,428	59,538
Extraordinary charge for early retirement of debt, net of tax benefit of $11,833		(21,908)
Net Income	$ 45,428	$ 37,630
Income Per Common Share:		
Continuing operations	$ 0.52	$ 0.44
Discontinued operations		0.26
Extraordinary charge		(0.26)
Net Income Per Common Share	$ 0.52	$ 0.44
Dividends declared per common share	$ 0.15	$ 0.14
Average outstanding common and equivalent shares	86,888	85,140

See Notes to Consolidated Financial Statements.

THE DIAL CORP
STATEMENT OF CONSOLIDATED INCOME

Nine months ended September 30, (000 omitted, except per share data)	1994	1993
Revenues	$ 2,629,373	$ 2,182,452
Costs and expenses:		
Costs of sales and services	2,379,669	1,976,652
Unallocated corporate expense and other items, net	37,690	37,863
Interest expense	39,713	39,708
Minority interests	3,041	3,226
	2,460,113	2,057,449
Income before income taxes	169,260	125,003
Income taxes	63,229	43,281
Income from Continuing Operations	106,031	81,722
Income from discontinued operations		32,120
Income before extraordinary charge	106,031	113,842
Extraordinary charge for early retirement of debt, net of tax benefit of $11,833		(21,908)
Net Income	$ 106,031	$ 91,934
Income Per Common Share:		
Continuing operations	$ 1.22	$ 0.95
Discontinued operations		0.38
Extraordinary charge		(0.26)
Net Income Per Common Share	$ 1.22	$ 1.07
Dividends declared per common share	$ 0.44	$ 0.42
Average outstanding common and equivalent shares	86,488	85,616

See Notes to Consolidated Financial Statements.

THE DIAL CORP
STATEMENT OF RETAINED INCOME

Nine months ended September 30, (000 omitted)	1994	1993
Balance, beginning of year	$ 304,481	$ 234,655
Net income	106,031	91,934
Dividends on common and preferred shares	(38,246)	(36,215)
Other	422	332
Balance, end of period	$ 372,688	$ 290,706

See Notes to Consolidated Financial Statements.

THE DIAL CORP
STATEMENT OF CONSOLIDATED CASH FLOWS

Nine months ended September 30, (000 omitted)	1994	1993
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES:		
Net income	$ 106,031	$ 91,934
Adjustments to reconcile net income to net cash provided (used) by operations:		
Depreciation and amortization	83,841	75,511
Deferred income taxes	7,128	19,916
Income from discontinued operations		(32,120)
Extraordinary charge for early retirement of debt		21,908
Gain on sale of property	(2,368)	(768)
Other noncash items, net	7,672	29,361
Change in operating assets and liabilities:		
Receivables	(258)	(50,553)
Inventories	2,624	(11,978)
Funds and agents' receivables and payment service obligations, net	185,371	78,387
Accounts payable and accrued compensation	(24,640)	35,969
Other assets and liabilities, net	(51,670)	(38,910)
Net cash provided by operating activities	313,731	218,657
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES:		
Capital expenditures	(64,806)	(57,869)
Acquisitions of businesses and other assets, net of cash acquired	(146,678)	(100,891)
Proceeds from sales and maturities of investments restricted for payment service obligations	241,195	450,546
Purchases of investments restricted for payment service obligations	(410,983)	(578,962)
Proceeds from sale of shares of the Transportation Manufacturing and Service Parts Group		245,700
Proceeds from sale of property	6,770	16,737
Investment in and advances from discontinued operations, net		35,084
Other, net	(89)	(55)
Net cash provided (used) by investing activities	(374,591)	10,290
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES:		
Proceeds from long-term borrowings	70,000	99,963
Payments on long-term borrowings	(2,163)	(182,725)
Extraordinary charge for early retirement of debt		(21,908)
Net change in short-term borrowings	31,456	(66,066)
Dividends on common and preferred stock	(38,246)	(36,215)
Minority portion of subsidiary's special dividend	(9,761)	
Proceeds from sale of treasury stock	24,291	23,933
Common stock purchased for treasury		(38,642)
Net change in receivables sold		(18,800)
Cash payments on interest rate swaps	(9,317)	(23,232)
Net cash provided (used) by financing activities	66,260	(263,692)
Net increase (decrease) in cash and cash equivalents	5,400	(34,745)
Cash and cash equivalents, beginning of year	10,659	43,917
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 16,059	$ 9,172

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, 1993.

Accounting policies utilized in the preparation of the financial information herein presented are the same as set forth in The Dial Corp's annual financial statements except as discussed in Note D below and 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 September 30, 1994, and the results of operations for the quarters and nine months ended September 30, 1994 and 1993, and the cash flows for the nine months ended September 30, 1994 and 1993 have been included. Interim results of operations are not necessarily indicative of the results of operations for the full year.

NOTE B--Stock Split

On May 10, 1994, Dial's Board of Directors declared a two-for-one stock split which was paid on July 1, 1994, to shareholders of record as of June 1, 1994. Unless otherwise noted, all references in the financial statements with regard to number of shares of common stock and related dividends declared and income per share amounts have been restated to reflect the stock split.

NOTE C--Acquisitions of Businesses and Other Assets

During the first nine months of 1994, Dial completed its acquisition of fifteen flight catering kitchens from United Airlines ("UAL") and also acquired several small companies. All acquisitions were accounted for as purchases. The purchase prices, including acquisition costs, were allocated to the net tangible and intangible assets acquired based on estimated fair values at the dates of the respective acquisitions. The difference between the purchase prices and the related fair values of net assets acquired represents goodwill which is being amortized on a straight-line basis over 40 years. The fair value of patents and other intangible assets purchased in the acquisitions is amortized over their estimated useful lives.

The results of the acquired operations have been included in the Statement of Consolidated Income from the dates of acquisition.

The net cash paid, assets acquired and debt and other liabilities assumed in all acquisitions made during the first nine months of 1994 were as follows:

(000 omitted)	UAL Flight Kitchens	Other	Total
(000 omitted)			
Assets acquired:			
Property and equipment	$ 62,553	$ 10,997	$ 73,550
Intangibles, primarily goodwill	61,940	11,919	73,859
Other assets	2,689	2,448	5,137
Debt and other liabilities assumed		(5,868)	(5,868)
Net cash paid	$ 127,182	$ 19,496	$ 146,678

NOTE D--Investments Restricted for Payment Service Obligations

On January 1, 1994, The Dial Corp adopted Statement of Financial Accounting Standards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities." SFAS No. 115 requires the classification of securities at acquisition into one of three categories: available for sale, held to maturity or trading. Dial has no securities classified in the trading category.

Securities Available for Sale--Securities that are being held for indefinite periods of time, including those securities which may be sold in response to needs for liquidity or changes in interest rates are classified as securities available for sale and are carried at fair value, with the net, after-tax, unrealized holding gain or loss reported as a separate component of common stock and other equity, with no effect on current results of operations. The change in the unrealized loss on securities available for sale for the nine months ended September 30, 1994 is as follows:

(000 omitted)	
Unrealized loss on securities available for sale at January 1, 1994, the date of adoption of SFAS No. 115	$ (1,369)
Net increase in unrealized loss, due principally to increases in interest rates	(15,965)
Unrealized loss on securities available for sale, September 30, 1994	$ (17,334)

A summary of securities available for sale at September 30, 1994 is as follows:

(000 omitted)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U. S Government Agencies	$ 5,197	$	$ 28	$ 5,169
Obligations of states and political subdivisions	247,157		14,438	232,719
Corporate debt securities	63,383		5,190	58,193
Mortgage-backed and other asset-backed securities	96,415	45	7,802	88,658
Other securities	16,191		648	15,543
	$ 428,343	$ 45	$ 28,106	$ 400,282

Maturities of securities available for sale at September 30, 1994 are as follows:

(000 omitted)	Amortized Cost	Fair Value
Due in		
1995-1998	$ 123,523	$ 113,700
1999-2003	139,783	130,372
2004 and later	165,037	156,210

Actual maturities may differ from contractual maturities because the borrowers have the right to call or prepay certain obligations, sometimes without penalties. Mortgage-backed and other asset-backed securities not due at a single maturity date are included in the table above based on their expected maturity. Proceeds from the sale of securities during the nine months ended September 30, 1994 were approximately $231.8 million. Gross realized gains and losses on those sales were $1.6 million and $500,000, respectively, based on the specific identification method of determining cost.

Securities Held to Maturity--Securities classified as held to maturity consist of securities that management has the ability and intent to hold to maturity, are carried at amortized cost, and are summarized as follows at September 30, 1994:

(000 omitted)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U. S Government Agencies	$ 59,587	$	$ 2,826	$ 56,761
Obligations of states and political subdivisions	54,590		3,320	51,270
Corporate debt securities	128,369		10,125	118,244
Other securities	76,870		971	75,899
	$ 319,416	$	$ 17,242	$ 302,174

Maturities of securities held to maturity at September 30, 1994 are as follows:

(000 omitted)	Amortized Cost	Fair Value

Due in		
1995-1998	$ 180,794	$ 174,700
1999-2003	87,277	79,210
2004 and later	51,345	48,264

Actual maturities may differ from contractual maturities because the borrowers have the right to call or prepay certain obligations, sometimes without penalties. There were no sales or transfers of securities held to maturity to another category of securities during the nine months ended September 30, 1994.

NOTE E--Other Matters

At September 30, 1994 and December 31, 1993, Dial classified as long-term debt $265 million and $225 million, respectively, of short-term borrowings supported by unused commitments under long- term revolving credit agreements.

NOTE F--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 nine months ended September 30, is as follows:

(000 omitted)	1994	1993
Computed income taxes at statutory federal income tax rate of 35%	$ 59,241	$ 43,751
Nondeductible goodwill amortization	3,189	2,433
Minority interests	1,064	1,129
State income taxes	5,227	5,110
Foreign tax differences	(538)	1,229
Tax-exempt income	(3,453)	(1,627)
Adjustment of deferred tax assets at January 1, 1993 for enacted change in tax rate		(4,386)
Adjustment to estimated annual effective rate	(1,000)	(3,000)
Other, net	(501)	(1,358)
Provision for income taxes	$ 63,229	$ 43,281

NOTE G--Discontinued Operations

The caption "Income from discontinued operations" in the Statement of Consolidated Income includes the following:

(000 omitted)	Periods ended September 30, 1993 Quarter	Nine months
Transportation Manufacturing and Service Parts Group, income from operations (sold August 12, 1993)	$ 427	$ 10,193
Gain on sale of segment, net of taxes of $47,393	40,151	40,151
Additional provisions for previously discontinued operations, net of tax benefit of $7,776	(18,224)	(18,224)
	$ 22,354	$ 32,120

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

(000 omitted)	Quarter ended September 30, 1994	1993	Nine months ended September 30, 1994	1993
Revenues:				
Consumer Products	$ 363,399	$ 345,260	$ 1,101,854	$ 1,023,583
Services:				
Airline Catering and Other Food Services	235,570	152,522	633,188	441,526
Convention Services	124,097	89,944	387,504	239,639
Travel and Leisure and Payment Services (1)	189,457	182,675	506,827	477,704
Total Services (1)	549,124	425,141	1,527,519	1,158,869
	$ 912,523	$ 770,401	$ 2,629,373	$ 2,182,452
Operating Income:				
Consumer Products	$ 40,427	$ 35,442	$ 120,557	$ 104,544
Services:				
Airline Catering and Other Food Services	20,359	13,584	43,442	30,669
Convention Services	11,539	4,972	38,888	18,379
Travel and Leisure and Payment Services (1)	29,161	29,375	46,817	52,208
Total Services (1)	61,059	47,931	129,147	101,256
Total principal business segments	101,486	83,373	249,704	205,800
Unallocated corporate expense and other items, net	(12,841)	(12,401)	(37,690)	(37,863)
	$ 88,645	$ 70,972	$ 212,014	$ 167,937

(1) Dial's payment services subsidiary is investing increasing amounts in tax exempt securities. On a fully taxable equivalent basis, revenues and operating income are higher by $2,376,000 for the 1994 quarter and $985,000 for the 1993 quarter and by $5,312,000 and $2,503,000, respectively, for the 1994 and 1993 nine month periods.

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

Results:

There were no material changes in the nature of Dial's business, nor were there any other changes in the general characteristics of its operations as described and discussed in the first paragraph of the results section of Management's Discussion and Analysis of Results of Operations and Financial Condition presented in The Dial Corp Annual Report to Stockholders for the year ended December 31, 1993.

Comparison of Third Quarter of 1994 with Third Quarter of 1993:

In the third quarter of 1994, revenues increased 18 percent to $912.5 million, up from $770.4 million in the 1993 quarter.

Third quarter income from continuing operations and net income was $45.4 million or $0.52 per share, up 18 percent on a per share basis from both 1993's income from continuing operations of $37.2 million or $0.44 per share, and net income of $37.6 million, also $0.44 per share. Excluding the $3.8 million or $0.04 per share one-time net benefit in the 1993 quarter from the 1 percent increase in the U.S. corporate income tax rate (signed into law during the 1993 third quarter but effective as of January 1, 1993), income from continuing operations and net income were up 30 percent on a per share basis in the quarter.

Consumer Products
The Consumer Products Group's revenues were up $18.1 million or 5 percent from those of the 1993 quarter. Operating income increased $5 million or 14 percent from that of the 1993 quarter. Operating margins improved to 11.1 percent from 10.3 percent in the 1993 quarter.

Skin Care division's revenues and operating income declined $4.5 million and $2.6 million, respectively, from those of 1993's quarter. While soap market share was up from that of last year, reflecting consumer takeaway, actual sales volumes to distributors were down, causing the revenue and operating declines. Lower marketing expenses and lower raw material and process costs partially offset the decline in revenue.

The Food division's revenues and operating income increased $3.7 million and $932,000 respectively, from those of the 1993 quarter. Sales of most food products except microwaveables were up from last year's quarter, while lower meat costs also contributed to increased operating income.

The Household division's third quarter revenues were up slightly while operating income increased $2 million, due mostly to lower marketing expenses and manufacturing costs.

Laundry division revenues for the quarter were up $16.4 million while operating income was up $2.9 million, led by sales volume increases in Purex liquid detergents. Lower raw material costs also helped increase operating income.

International division's revenues increased $2.2 million for the quarter, driven by substantially higher sales in Mexico, Canada, and Germany. Operating income was up $1.7 million due to these sales increases and to lower costs.

Services
Combined Services revenues were $549.1 million, $124 million (29 percent) greater than the 1993 quarter's amounts, while operating income of $61.1 million was up $13.1 million (27 percent). Both continue to be aided by the 1993 acquisitions of convention services businesses and the 1994 addition of the United Airlines flight kitchens.

Airline Catering and Other Food Services. These companies' revenues and operating income of $235.6 million and $20.4 million, respectively, were up $83 million (54 percent) and $6.8 million (50 percent) from those of 1993's quarter, as this year's quarter benefited from having all recently acquired flight kitchens operational. Operating margins for the segment were 8.6 percent in the quarter, down slightly from 8.9 percent in last year's third quarter, as several of the new flight kitchens were still in their start-up phase and had not reached full efficiency.

Convention Services. The Convention Services companies' revenues and operating income of $124.1 million and $11.5 million, respectively, were $34.2 million (38 percent) and $6.6 million (132 percent) greater than the 1993 quarter's levels. Operating margins were 9.3 percent, up from 5.5 percent in 1993's third quarter. This year's quarter benefited from the 1993 (United Exposition Service Co., Inc. and Andrews, Bartlett and Associates, Incorporated) and other recent smaller acquisitions. In addition, the achievement of planned operating efficiencies for the merged operations contributed to 1994's operating income, while last year's quarter included only the United Exposition acquisition. The 1994 quarter also benefited from World Cup business.

Travel and Leisure and Payment Services. Revenues of these companies were up $8.2 million (4 percent) to $191.8 million, while operating income was up $1.2 million (4 percent), both on a fully taxable equivalent basis. Operating margins declined very slightly to 16.4 percent from 16.5 percent in 1993, also on a fully taxable equivalent basis. Most of Dial's travel and leisure companies experience their highest level of activity in the third quarter.

Canadian transportation companies' revenue and earnings increased about 6 percent during the third quarter, but that translated into flat results in U.S. dollars, as the Canadian dollar's exchange rate fell 5 percent from that of the 1993 quarter. U.S. dollar revenue increased $916,000 while operating income was unchanged. Revenue from newly purchased routes and higher Courier Express and sightseeing, charter, and snowfield revenues were partially offset by lower passenger ridership. Passenger traffic continues to be affected by general economic uncertainties and by low airfares on medium and long haul destinations.

Duty Free and shipboard concession revenues were up $3.9 million due to substantially more passenger days than last year, offset partially by lower concession revenues due to the loss of a major airport contract at Dulles International Airport this spring. Operating income was up only slightly due to an increase in the sales of lower margin items.

Cruise revenues were down $4.4 million from 1993's quarter due to fewer passenger days and lower passenger yields. Operating results were down $3.9 million due primarily to the lower revenues and increased marketing expenses.

Aircraft services revenues were up $4 million from last year's quarter, with operating income up $709,000. Both increases were due to revenues generated by four new airport contracts.

On a fully taxable equivalent basis, payment services revenue decreased $1.6 million for the quarter due principally to cancellation of certain money order agents who presented undue credit risk. In spite of lower revenue, operating income increased $2.1 million due to lower operating costs.

Interest Expense
Interest expense increased $1.5 million from 1993's quarter, as short-term rates and average outstanding debt were higher in 1994's quarter. In last year's third quarter, proceeds from the sale of Dial's transportation manufacturing and service parts group were used initially to reduce short-term debt, but since that time, Dial has borrowed to make acquisitions to replace the manufacturing business.

Income Taxes
The provision for income taxes for the 1993 third quarter includes a net benefit of approximately $3.8 million, or $0.04 per share, from accounting for the effects of a 1 percent increase in the U.S. corporate income tax rate effective as of January 1, 1993, which was signed into law on August 10, 1993 (Omnibus Budget Reconciliation Act of 1993). The net benefit represents the favorable impact of the increase on deferred tax assets at January 1, 1993 ($4.4 million), less the increased tax expense on 1993 income through June 30, 1993 ($600,000).

Comparison of First Nine Months of 1994 to the First Nine Months of 1993:

Revenues for the first nine months of 1994 increased 20 percent to $2.6 billion from $2.2 billion in the same period of 1993.

For the first nine months of 1994, income from continuing operations and net income was $106 million, up from 1993's income from continuing operations of $81.7 million. On a per share basis, the 1994 period's income from continuing operations of $1.22 per share was 28 percent higher than 1993's $0.95. Excluding the $4.4 million, or $0.05 per share, one-time benefit in the 1993 period from the effects of the 1 percent increase in the U.S. corporate income tax rate on January 1, 1993 deferred tax assets, income per share from continuing operations for the nine months was up 36 percent.

Consumer Products
For the first nine months of 1994, the Consumer Products Group's revenues of $1.1 billion were up $78.3 million or 8 percent from those of the 1993 period. Operating income of $120.6 million was $16 million or 15 percent higher than that of the 1993 period. Operating margins improved to 10.9 percent from 10.2 percent in the 1993 period.

Skin Care division's revenues and operating income declined $24.9 million and $6.8 million, respectively, from those of 1993's first nine months. In spite of lower soap sales to distributors, causing the revenue and operating income declines, market share of Dial soap was up from period to period, reflecting continuing healthy consumer acceptance. Lower marketing expenses partially offset the decline in operating income.

The Food division revenues and operating income increased $4 million and $2.2 million, respectively, from those of the 1993 nine months. Sales of most food products except microwaveables were up from last year's period, while lower meat costs also contributed to increased operating income.

The Household division's first nine months' revenues were up $46 million while operating income increased $10.4 million. The 1994 period includes $44 million more revenue and $9 million more operating income from the Renuzit product line acquired in May of 1993, accounting for most of the improvement.

Laundry division revenues for the nine months of 1994 were up $48 million while operating income was up $5.9 million, led by sales volume increases in Purex liquid detergents. Lower raw material costs also helped increase operating income.

International division's revenues increased $5 million for the nine months, driven by substantially higher sales in Mexico, Canada, and Germany. Operating income was up $4.2 million due to these sales increases and to lower costs.

Services
Combined Services revenues for the first nine months of 1994 were $1.5 billion, $369 million (32 percent) greater that of the 1993 period. Operating income of $129.1 million was $27.9 million (28 percent) higher. Both continue to be aided by 1993 acquisitions of convention services businesses and the 1994 addition of the United Airlines flight kitchens.

Airline Catering and Other Food Services. These companies' revenues and operating income of $633.2 million and $43.4 million, respectively, were up $191.7 million (30 percent) and $12.8 million (29 percent) from those of 1993's first nine months. Operating margins for both periods were 6.9 percent. As discussed previously, several recently acquired kitchens were still in their start-up phase and had not reached full efficiency.

Convention Services. The Convention Services companies' revenues and operating income of $387.5 million and $38.9 million, respectively, were $147.9 million (62 percent) and $20.5 million (112 percent) greater than those of the 1993 period. Operating margins were 10.0 percent, up from 7.7 percent in the 1993 period. This year benefited from the 1993 (United Exposition Service Co., Inc. and Andrews, Bartlett and Associates, Incorporated) and other recent smaller acquisitions as well as the achievement of planned operating efficiencies for the merged operations. Last year's period included only the United Exposition acquisition from May of 1993. The 1994 period also benefited from World Cup business.

Travel and Leisure and Payment Services. For the first nine months of 1994, revenues of these companies were $512.1 million, up $31.9 million (7 percent) while operating income of $52.1 million was down 5 percent, compared with the same period of 1993, all on a fully taxable equivalent basis. Operating margins were 10.2 percent (on a fully taxable equivalent basis), down from the 1993 period's 11.4 percent.

Canadian transportation companies' revenue decreased $5.9 million while operating income was down $660,000 in U. S. dollars. In Canadian dollars, revenue increased about $2.6 million as revenue from newly purchased routes and higher Courier Express and sightseeing, charter, and snowfield revenues more than offset decreases in passenger ridership. Passenger traffic continues to be affected by general economic uncertainties and low airfares on medium and long haul destinations. Operating income in Canadian dollars was up slightly due mostly to the revenue increases. As discussed previously, the Canadian-to-U.S. exchange rate worsened this year almost 7 percent compared to 1993's first nine months.

Duty Free and shipboard concession revenues were up $19 million due to a 30 percent increase in passenger days, offset partially by lower concession revenues due to the loss of a major airport contract at Dulles International Airport this spring and reduction of international flights at two other airports. Operating income was up $1.8 million due primarily to higher sales.

Cruise revenues were down $4.9 million from 1993's first nine months due to fewer passenger days and lower passenger yields. Operating results were down $9.7 million due primarily to the revenue decrease and increased marketing expenses.

Aircraft services revenues were up $5.6 million from that of last year's nine months, with operating income up $1.1 million. Both increases were due to revenue generated by six new airport contracts.

On a fully taxable equivalent basis, payment services revenue increased $5.4 million due to higher dispenser fee and service charge revenue, offset somewhat by cancellation of certain money order agents who presented undue credit risks. Operating income increased $3.5 million due to revenue increases and lower operating costs including lower provisions for credit losses.

Interest Expense
Interest expense for the first nine months of 1994 was about even with that of 1993's period. The reduction in interest expense this year resulting from the prepayment of certain high-coupon, fixed-rate debt at the end of 1993's third quarter was offset by the combination of higher debt levels related to expenditures for acquisitions in the consumer products, airline catering and convention services businesses (starting in May of 1993 and continuing throughout the last quarter of 1993 and the first nine months of 1994) and higher short-term interest rates during 1994.

Income Taxes
Income taxes for the 1993 nine months includes the $4.4 million, or $0.05 per share, favorable impact of the increase on the deferred tax assets at January 1, 1993 from accounting for the effects of a 1 percent increase in the U.S. corporate income tax rate discussed previously.

Liquidity and Capital Resources:
The Dial Corp's total debt at September 30, 1994 was $734.8 million compared with $635.9 million at December 31, 1993. The debt-to-capital ratios at September 30, 1994 and December 31, 1993 were 0.56 to 1 and 0.55 to 1, respectively. The increase in debt was attributable primarily to expenditures for acquisitions made during the first nine months of 1994 and to an increase in working capital requirements.

In July, 1994 a Shelf Registration filed with the Securities and Exchange Commission became effective. Under the Shelf Registration, Dial can issue up to an aggregate $500 million of debt and/or equity securities. No debt has been issued and there is no intention to issue any equity securities at the present time. The filing increases Dial's financing flexibility in the future.

As discussed further in Note C of Notes to Consolidated Financial Statements, during the first nine months of 1994 Dial completed the acquisition of the United Airlines flight catering kitchens and acquired several small companies. The combined purchase price for all 1994 acquisitions was $147 million. Property and equipment and intangibles increased as a result of these acquisitions which were financed through cash flow from operations and additional long-term debt.

Dial's payment service operations generate funds from the sale of money orders and other payment instruments. The proceeds of such sales are invested, in accordance with applicable state laws, in highly liquid debt instruments (classified, along with cash in transit from agents, as "Funds and agents' receivables restricted for payment service obligations") and in a portfolio of high- quality investments (more than 97 percent have ratings of A- or above or are collateralized by federal agency securities), including federal, state and municipal obligations, asset-backed securities and corporate debt securities (classified as "Investments restricted for payment service obligations"). These funds are ultimately used to satisfy the liability to pay, upon presentment, the face amount of such money orders and other payment instruments. Fluctuations in the balances of payment service assets and obligations result from varying levels of sales of money orders and other payment instruments, the timing of the collections of agents' receivables and the timing of the presentment of such instruments.

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, 1993.

PART II. OTHER INFORMATION

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) No Reports on Form 8-K have been filed by the registrant during the quarter for which this report is filed.

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)

November 10, 1994

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)

	Quarter ended September 30,	
Primary:	1994	1993
Net income	$ 45,428	$ 37,630
Less: Preferred stock dividends	(281)	(280)
Subsidiary dilutive securities	(17)	
	$ 45,130	$ 37,350
Average common shares outstanding (1) before common equivalents	85,275	84,012
Common equivalent stock options	1,613	1,128
	86,888	85,140
Net income per share (dollars)	$ 0.52	$ 0.44

(1) The average outstanding common and equivalent shares does not include 6,898 shares held by the Employee Equity Trust (the "Trust") at September 30, 1994. Shares held by the Trust are not considered outstanding for net income per share calculations until the shares are released from the Trust.

Fully Diluted:	Quarter ended September 30, 1994 Common Shares	Income	1993 Common Shares	Income
Average common and equivalent shares and net income per above	86,888	$ 45,130	85,140	$ 37,350
Common equivalent stock options				
	86,888	$ 45,130	85,140	$ 37,350
Net income per share (dollars)		$ 0.52		$ 0.44

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

	Nine months ended September 30, 1994	Nine months ended September 30, 1993
Primary:		
Net income	$ 106,031	$ 91,934
Less: Preferred stock dividends	(842)	(841)
Subsidiary dilutive securities	(17)	
	$ 105,172	$ 91,093
Average common shares outstanding (1) before common equivalents	84,833	84,144
Common equivalent stock options	1,655	1,472
	86,488	85,616
Net income per share (dollars)	$ 1.22	$ 1.07

(1) The average outstanding common and equivalent shares does not include 6,898 shares held by the Employee Equity Trust (the "Trust") at September 30, 1994. Shares held by the Trust are not considered outstanding for net income per share calculations until the shares are released from the Trust.

	Nine months ended September 30,			
	1994		1993	
Fully Diluted:	Common Shares	Income	Common Shares	Income
Average common and equivalent shares and net income per above	86,488	$ 105,172	85,616	$ 91,093
Common equivalent stock options				
	86,488	$ 105,172	85,616	$ 91,093
Net income per share (dollars)		$ 1.22		$ 1.07

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE DIAL CORP'S FORM 10-Q FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 1994 AND FROM THE DIAL CORP'S FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 1993 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

MULTIPLIER: 1,000 Exhibit 27 Page 1 of 2 THE DIAL CORP FINANCIAL DATA SCHEDULE

FISCAL YEAR END	DEC 31 1994	DEC 31 1993
PERIOD END	SEP 30 1994	DEC 31 1993
PERIOD TYPE	9 MOS	YEAR
CASH	16,059	10,659
SECURITIES	0	0
RECEIVABLES	197,726	199,996
ALLOWANCES	21,668	22,597
INVENTORY	217,989	216,837
CURRENT ASSETS	992,300	1,052,604
PP&E	1,420,718	1,307,729
DEPRECIATION	616,595	567,005
TOTAL ASSETS	3,528,441	3,281,088

Exhibit 27 Page 2 of 2

CURRENT LIABILITIES	1,808,819	1,748,758
BONDS	732,027	624,662
COMMON	145,663	72,832
PREFERRED MANDATORY	6,589	6,624
PREFERRED	0	0
OTHER SE	398,135	396,856
TOTAL LIABILITY AND EQUITY	3,528,441	3,281,088
SALES	1,101,854	1,420,173
TOTAL REVENUES	2,629,373	3,000,342
CGS	981,297	1,280,960
TOTAL COSTS	2,379,669	2,725,049
OTHER EXPENSES	37,690	50,061
LOSS PROVISION	0	0
INTEREST EXPENSE	39,713	49,965
INCOME PRETAX	169,260	171,649
INCOME TAX	63,229	61,376
INCOME CONTINUING	106,031	110,273
DISCONTINUED	0	32,120
EXTRAORDINARY	0	(21,908)
CHANGES	0	0
NET INCOME	106,031	120,485
EPS PRIMARY	1.22	1.40
EPS DILUTED	1.22	1.40