FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-06-13** | Period of Report: **1995-04-30**
SEC Accession No. 0000030099-95-000006

FILER

DRESSER INDUSTRIES INC /DE/

CIK:**30099**| IRS No.: **750813641** | State of Incorp.:**DE** | Fiscal Year End: **1031**
Type: **10-Q** | Act: **34** | File No.: **001-04003** | Film No.: **95546773**
SIC: **3561** Pumps & pumping equipment

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

FORM 10-Q

(Mark One)

[X] Quarterly report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

for the quarterly period ended April 30, 1995.

[ ] Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission file number 1-4003

DRESSER INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

Delaware	C 75-0813641
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
P. O. Box 718	
2001 Ross	75221 (P. O. Box)
Dallas, Texas	75201
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code - 214-740-6000

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, and (2) has been subject to such filing requirements for the past 90 days. Yes X . No .

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at May 31, 1995
Common Stock, par value $.25	182,414,545

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MANAGEMENT'S REPRESENTATION

The condensed consolidated financial statements included herein have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. The Company believes that the disclosures are adequate to make the information presented not misleading. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements, the notes to consolidated financial statements and management's discussion and analysis included in Amendment No. 1 on Form 10-K/A dated February 3, 1995 to the Company's 1994 Annual Report on Form 10-K.

In the opinion of the Company, all adjustments have been included that were necessary to present fairly the financial position of Dresser Industries, Inc. and subsidiaries as of April 30, 1995 and October 31, 1994, the results of operations for the three months and the six months ended April 30, 1995 and 1994, and cash flows for the six months ended April 30, 1995 and 1994. These adjustments consisted of normal recurring adjustments. The results of operations for such interim periods do not necessarily indicate the results for the full year.

<TABLE>

DRESSER INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(In Millions Except per Share Data)

<CAPTION>

	Three Months Ended April 30, 1995	Three Months Ended April 30, 1994	Six Months Ended April 30, 1995	Six Months Ended April 30, 1994
	(Unaudited)		(Unaudited)	
<S>	<C>	<C>	<C>	<C>
Revenues	$ 1,261.2	$ 1,324.5	$ 2,561.5	$ 2,720.7
Cost of sales and services	(965.5)	(1,009.9)	(1,984.3)	(2,070.3)
Gross earnings	295.7	314.6	577.2	650.4
Selling, engineering, administrative and general expenses	(219.3)	(233.6)	(436.7)	(470.8)
Special credit, net	-	18.4	-	8.9
Other income (deductions)				
Interest expense, net	(4.1)	(2.8)	(8.3)	(10.1)
Gain on sale of interest in Western Atlas	-	-	-	275.7
Gain on affiliate's public offering	-	-	-	11.0
Other, net	.2	1.7	.2	.6
Earnings before items below	72.5	98.3	132.4	465.7
Income taxes	(23.9)	(36.6)	(43.7)	(199.9)
Minority interest	(3.5)	(7.1)	(5.0)	(15.9)
Earnings before accounting change	45.1	54.6	83.7	249.9
Cumulative effect of accounting change, net of tax	-	-	(16.0)	-
Net earnings	$ 45.1	$ 54.6	$ 67.7	$ 249.9
Earnings per common share				
Earnings before accounting change	$ .25	$ .29	$ .46	$ 1.37
Cumulative effect of accounting change	-	-	(.09)	-
Net earnings	$ .25	$ .29	$ .37	$ 1.37

Cash dividends per common share	$ .17	$ .17	$ .34	$ .34
Average common shares outstanding	182.5	182.6	183.1	181.8

</TABLE>

See accompanying Notes to Condensed Consolidated Financial Statements.

<TABLE>

DRESSER INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Millions)

<CAPTION>

ASSETS	April 30, 1995 (Unaudited)	October 31, 1994
Current Assets		
<S>	<C>	<C>
Cash and cash equivalents	$ 414.9	$ 515.0
Notes and accounts receivable, net	821.4	865.8
Inventories, net	705.4	673.1
Deferred income taxes	76.1	74.9
Other current assets	79.2	68.2
Total Current Assets	2,097.0	2,197.0
Investments in and receivables from unconsolidated affiliates	253.1	240.4
Intangibles, net	663.3	657.4
Deferred income taxes	200.9	193.2
Other assets	135.2	106.0
Property, plant and equipment - at cost	2,347.9	2,245.0
Less accumulated depreciation	1,356.0	1,315.4
Net Property	991.9	929.6
Total Assets	$ 4,341.4	$ 4,323.6
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term debt and current portion of long-term debt	$ 31.7	$ 36.6
Accounts payable	376.9	361.6
Contract advances	306.4	265.4
Accrued compensation and benefits	225.6	230.7
Income taxes	91.6	92.7
Other current liabilities	368.5	379.8
Total Current Liabilities	1,400.7	1,366.8
Employee retirement and postemployment benefit obligations	696.7	668.2
Long-term debt	464.1	460.6
Deferred compensation, insurance reserves and other liabilities	103.5	112.1

Minority interest	58.3	83.6
Shareholders' Equity		
Common shares	46.1	46.0
Capital in excess of par value	453.5	448.6
Retained earnings	1,218.1	1,212.6
Cumulative translation adjustments	(49.5)	(63.1)
Pension liability adjustment	(7.5)	(7.6)
	1,660.7	1,636.5
Less treasury shares, at cost	42.6	4.2
Total Shareholders' Equity	1,618.1	1,632.3
Total Liabilities and Shareholders' Equity	$ 4,341.4	$ 4,323.6

</TABLE>

See accompanying Notes to Condensed Consolidated Financial Statements.

<TABLE>

DRESSER INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Millions)

<CAPTION>

	Six Months Ended April 30, 1995 (Unaudited)	Six Months Ended April 30, 1994 (Unaudited)
Cash flows from operating activities:		
<S>	<C>	<C>
Net earnings	$ 67.7	$ 249.9
Adjustments to reconcile net earnings to cash flow:		
Depreciation and amortization	101.4	108.1
Cumulative effect of accounting change	16.0	-
Earnings from unconsolidated affiliates less cash received	(7.1)	(3.9)
Gain on sale of interest in Western Atlas, net of tax	-	(146.5)
Changes in working capital	(6.4)	(121.6)
Changes in non-current assets and liabilities	13.9	31.3
Net cash provided by operating activities	185.5	117.3
Cash flows from investing activities:		
Capital expenditures	(120.3)	(80.0)
Business acquisitions	(53.1)	(74.1)
Proceeds from sale of interest in -		
Western Atlas, net of taxes paid	-	301.8
M-I Drilling Fluids	-	160.0
Net cash (used) provided by investing activities	(173.4)	307.7

Cash flows from financing activities:		
Dividends paid	(62.2)	(55.3)
Purchase of common shares for Treasury	(40.1)	-
Sale of common stock	-	30.0
Decrease in short-term debt	(5.3)	(213.6)
Decrease in long-term debt	(7.2)	(24.8)
Net cash used by financing activities	(114.8)	(263.7)
Effect of translation adjustments on cash	2.6	(1.7)
Net (decrease) increase in cash and cash equivalents	(100.1)	159.6
Cash and cash equivalents, beginning of period	515.0	200.1
Cash and cash equivalents, end of period	$ 414.9	$ 359.7

</TABLE>

See accompanying Notes to Condensed Consolidated Financial Statements.

DRESSER INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
April 30, 1995
(Unaudited)

Note A - Basis of Presentation and Accounting Change

Wheatley Merger

On August 5, 1994, the Company merged with Wheatley TXT Corp. (Wheatley). The merger was accounted for as a pooling of interests. The Condensed Consolidated Statement of Earnings for the three months and six months ended April 30, 1994 and the Condensed Consolidated Statement of Cash Flows for the six months ended April 30, 1994 have been restated to reflect the results of operations and the cash flows of the combined companies as if the merger had occurred on November 1, 1993.

Accounting Change

Effective November 1, 1994, the Company changed its accounting for postemployment benefits as required by Statement of Financial Accounting Standards No. 112, Employers Accounting for Postemployment Benefits (SFAS 112). Postemployment benefits include salary continuation, disability and health care for former or inactive employees who are not retired. Medical benefits for employees on long-term disability are the most significant of these benefits. SFAS 112 requires accrual of the cost of these benefits currently. The Company had previously accrued the liability for salary continuation but had expensed the other benefits as paid. Annual expense under SFAS 112 for 1995 is not expected to be significantly different from the actual cash payments.

The Condensed Consolidated Statement of Earnings for the six months ended April 30, 1995 includes a charge of $16.0 million (net of tax of $9.0 million) or $0.09 per share for the cumulative effect of the accounting change.

Note B - Baroid Financial Information

On January 21, 1994, Dresser merged with Baroid Corporation (Baroid) in a transaction accounted for as a pooling of interests, and the Company's condensed consolidated financial statements for 1994 were prepared as if the merger had occurred on November 1, 1993.

Baroid has ceased filing periodic reports with the Securities and Exchange Commission. Baroid's 8% Senior Notes remain outstanding and are fully guaranteed by Dresser. As long as the Notes remain outstanding, summarized financial information of Baroid is required as follows (in millions):

<TABLE>
<CAPTION>

Baroid Corporation	April 30, 1995	October 31, 1994
<S>	<C>	<C>
Current assets	$ 667.3	$ 468.9
Noncurrent assets	461.1	362.0
Total	$1,128.4	$ 830.9
Current liabilities	$ 387.2	$ 229.5
Noncurrent liabilities	327.4	281.7
Shareholders' equity	413.8	319.7
Total	$1,128.4	$ 830.9

</TABLE>
<TABLE>
<CAPTION>

	Three Months Ended April 30,		Six Months Ended April 30,	
	1995	1994	1995	1994
<S>	<C>	<C>	<C>	<C>
Revenues	$ 303.0	$ 213.0	$ 592.0	$ 439.8
Gross earnings	$ 82.0	$ 58.6	$ 159.9	$ 124.8
Earnings from operations	$ 28.9	$ 13.6	$ 53.0	$ 39.7
Other income (deductions)	(7.9)	(5.6)	(11.4)	(8.2)
Earnings before taxes and minority interests	21.0	8.0	41.6	31.5

Income taxes	(6.9)	(3.6)	(13.7)	(11.6)
Minority interest	(.5)	.3	(.5)	1.4
Net earnings	$ 13.6	$ 4.7	$ 27.4	$ 21.3

</TABLE>

Note C - Acquisitions and Divestitures

During November 1994, the Company completed the acquisition of a business in the underwater technology services market for $34.0 million. The proforma effect of the acquisition is not significant.

In April 1995, the Company announced that a preliminary agreement had been reached to acquire Grove S.p.A., a manufacturer of valves and regulators for natural gas and crude oil pipelines, petroleum products and power generation. The transaction closed in June at a purchase price of approximately $160.0 million.

During May 1995, subsequent to the end of the second quarter, the Company completed the acquisition of two additional businesses in the underwater technology services market and one business in the pipe coating market for a combined purchase price of $73.5 million.

On January 28, 1994, the Company sold its 29.5% interest in Western Atlas International, Inc. to a wholly-owned subsidiary of Litton Industries for $358 million in cash and $200 million in 7.5% notes. The 7.5% notes were paid in full in September, 1994. The Company recognized a gain of $275.7 million ($146.5 million net of tax) on the sale.

Following the Baroid merger and in accordance with an agreement reached with the Antitrust Division of United States Department of Justice, the Company sold its 64% interest in M-I Drilling Fluids Company to Smith International, Inc. for $160 million in cash effective February 28, 1994. The Company recognized a $2.6 million pre-tax gain on the sale.

Note D - Unconsolidated Affiliated Companies

The Company has several investments in less than majority owned affiliates. A summary of the impact of these investments on the condensed consolidated financial statements follows (in millions):

<TABLE>
<CAPTION>

	Three Months Ended April 30,		Six Months Ended April 30,	
	1995	1994	1995	1994
Share of earnings of unconsolidated				

affiliates				
Ingersoll-Dresser Pump (49%				
<S>	<C>	<C>	<C>	<C>
owned)	$ 3.7	$ 1.1	$ 7.8	$ 6.4
Other affiliates	4.0	3.8	3.3	7.3
	$ 7.7	$ 4.9	$ 11.1	$ 13.7

</TABLE>
<TABLE>
<CAPTION>

	April 30, 1995	October 31, 1994
Investments in and receivables from unconsolidated affiliates		
Ingersoll-Dresser Pump (49%		
<S> <C>	<C>	<C>
owned)	$ 167.4	$ 155.1
Other affiliates	85.7	85.3
	$ 253.1	$ 240.4

</TABLE>
Summarized earnings statement information for Ingersoll-Dresser Pump Company is as follows (in millions):

<TABLE>
<CAPTION>

	Three Months Ended April 30,		Six Months Ended April 30,	
	1995	1994	1995	1994
<S>	<C>	<C>	<C>	<C>
Net sales	$ 195.4	$ 185.1	$ 404.2	$ 382.1
Gross profit	$ 44.9	$ 37.8	$ 103.2	$ 87.3
Earnings before taxes	$ 8.8	$ 4.6	$ 18.4	$ 16.8

</TABLE>

Note E - Inventories

The determination of inventory values and cost of sales under the LIFO method for interim financial results is based on management's estimates of expected year-end inventories.

Inventories include the following (in millions):
<TABLE>
<CAPTION>

	April 30, 1995	October 31, 1994
Finished products and work in		
<S>	<C>	<C>
process	$ 555.7	$ 529.9
Raw materials and supplies	149.7	143.2

$ 705.4	$ 673.1

</TABLE>

Note F - Special Credit and Charge

In the second quarter of 1994, the Company recognized a $18.4 million pre-tax gain from the settlement of a coverage dispute with certain insurance carriers regarding the 1993 settlement of the Parker & Parsley litigation. In the first quarter of 1994, the Company recorded a special charge of $9.5 million for the settlement of Drill Bit pricing litigation.

Note G - Dividends

On May 16, 1995, the Company declared a quarterly dividend of $.17 per share of common stock payable on June 20, 1995 to shareholders of record on June 1, 1995.

Note H - Litigation and Contingencies

General Litigation

The Company continues to be involved in a lawsuit brought by parties who purchased a construction equipment dealership from a third party in 1988. In April, 1994, the jury returned a verdict awarding the plaintiffs compensatory damages of $6.5 million and punitive damages of $4.0 million. This case has been appealed.

The purchasers of the Company's former hand tool division sued the Company for fraud in connection with the October, 1983 transaction. In May, 1994, the jury returned a verdict awarding the plaintiffs $4 million in compensatory damages and $50 million in punitive damages. On October 13, 1994, the Court ordered a reduction of damages from $54 million to $12 million. This case has been appealed.

Based on a review of the current facts and circumstances, management has provided for what is believed to be a reasonable estimate of the exposure to loss associated with these matters. While acknowledging the uncertainties of litigation, management believes that these matters will be resolved without a material effect on the Company's financial position or results of operations.

Asbestosis Litigation

The Company has a large number of pending claims in which it is alleged that third parties sustained injuries and damages resulting from inhalation of asbestos fibers used in products manufactured by the Company and its predecessor companies. Approximately half of the pending claims allege injury as a result of exposure to asbestos contained in refractory products with the other half alleging injury as a result of exposure to asbestos gaskets and packings and other materials used in products manufactured by the Company.

Refractory product claims filed subsequent to July 31, 1992, are the responsibility of INDRESCO Inc. pursuant to an agreement entered into at the time of the spin-off. The Company has provided for the estimated exposure, based on past experience, for the open cases involving refractory products. The Company has also provided for estimated exposure relating to non-refractory product claims. However, the Company has less experience in settling such claims. Generally when settlements have been made, the amounts involved are substantially lower than the claims involving refractory products.

In 1993, the Company sustained an adverse judgment in cases filed by employees of Ingalls Shipyard in Pascagoula, Mississippi. The Company's share of damages awarded in six cases amounted to $3.8 million plus 10% add on for punitive damages. The judgment does not conform to the Company's past experience and was not in accordance with the evidence. The case currently is on appeal to the Mississippi Supreme Court. In December 1994, a jury in Baltimore, Maryland returned a verdict on the liability portion of a consolidated asbestos case and awarded compensatory damages for five trial plaintiffs, including two against the Company's former Refractory Division. On February 9, 1995, the jury returned its verdict in the punitive damages portion of the case, applying a 200% punitive damage multiplier. While the amounts returned by the jury for the two trial plaintiffs are the financial responsibility of INDRESCO Inc. pursuant to the agreement under which it was spun off from the Company, the findings, if sustained on appeal, will apply to individuals in the consolidated case whose claims are the responsibility of the Company. These claims, which number approximately 530, will be tried in subsequent mini-trials that will not take place until after the Company has appealed this verdict. The Company believes that it has meritorious arguments on appeal, and intends to proceed vigorously to have the verdict set aside. Management believes that any ultimate losses from either the Mississippi or Maryland cases would be covered by its agreements with insurance carriers described in Note M to Consolidated Financial Statements in Amendment No. 1 on Form 10-K/A dated February 3, 1995 to the Company's 1994 Annual Report on Form 10-K. Based upon recent experience, the Company has increased its estimated insurance recovery percentage from 67% to 80% of legal fees and any settlements or awards related to refractory products cases.

Management recognizes the uncertainties of litigation and the possibility that a series of adverse rulings could materially impact operating results. However, based upon the Company's historical experience with similar claims, the time elapsed since the Company discontinued sale of products containing asbestos, and management's understanding of the facts and circumstances which gave rise to such claims, management believes that the pending asbestos claims will be resolved without material effect on the Company's financial position or results of operations.

Quantum Chemical Litigation

In October 1992, Quantum Chemical Corporation ("Quantum") brought suit against the Company's wholly owned subsidiary, The M. W. Kellogg Company ("Kellogg"), alleging that Kellogg negligently failed to provide an adequate design for an ethylene facility which Kellogg designed and constructed for Quantum and fraudulently misrepresented the state of development of its Millisecond Furnace technology to be used in the facility. Quantum is seeking $200 million in actual damages and punitive damages equal to twice the actual damages claimed. Kellogg has answered denying the claim and has filed a counterclaim against Quantum alleging libel, slander, breach of contract and fraud. Discovery has been completed, and a trial date has been set for September 25, 1995. Management believes the Quantum lawsuit is totally without merit and will be resolved without material adverse effect on the Company's financial position or results of operations.

Environmental Matters

The Company has been identified as a potentially responsible party in 88 Superfund sites. Primary responsibility for nine of these sites was assumed by INDRESCO Inc. The Company previously has entered into settlements in respect of eighteen Superfund sites at a total cost of $.4 million. Based upon the Company's historical experience with similar claims and management's understanding of the facts and circumstances, management believes that the situations at the remaining sites will be resolved without material effect on the Company's financial position or results of operations.

Other Litigation

The Company is involved in certain other legal actions and claims arising in the ordinary course of business. Management recognizes the uncertainties of litigation and the possibility that one or more adverse rulings could materially impact operating results. However, based upon the nature of and management's understanding of the facts and circumstances which gave rise to such actions and claims, management believes that such litigation and claims will be resolved without material effect on the Company's financial position or results of operations.

Note I - Information by Industry Segment (In Millions)

<TABLE>
<CAPTION>

	Three Months Ended April 30, 1995	Three Months Ended April 30, 1994	Six Months Ended April 30, 1995	Six Months Ended April 30, 1994
Revenues				
<S>	<C>	<C>	<C>	<C>
Oilfield Services	$ 394.7	$ 407.7	$ 777.3	$ 890.5
Hydrocarbon Processing Industry				
Dresser-Rand	209.3	284.0	499.5	627.5
Ingersoll-Dresser Pump equity earnings	3.7	1.1	7.8	6.4
Other Operations	311.8	294.3	617.1	563.3
	524.8	579.4	1,124.4	1,197.2
Engineering Services	343.1	338.8	661.5	634.8
Eliminations	(1.4)	(1.4)	(1.7)	(1.8)
Total revenues	$1,261.2	$1,324.5	$2,561.5	$2,720.7
Operating profit				
Oilfield Services	$ 34.2	$ 35.6	$ 67.4	$ 93.5
Hydrocarbon Processing Industry				
Dresser-Rand	6.5	15.7	12.5	30.0
Ingersoll-Dresser Pump	3.7	1.1	7.8	6.4
Other Operations	35.6	35.6	69.9	61.1
	45.8	52.4	90.2	97.5
Engineering Services				
Operations	21.5	17.9	32.9	35.8
Gain on Mexican affiliate's public offering	-	-	-	11.0
	21.5	17.9	32.9	46.8
Total segment operating profit	101.5	105.9	190.5	237.8
Amortization of acquisition intangibles	(6.8)	(7.5)	(13.8)	(13.8)
General corporate expenses	(18.1)	(15.7)	(36.0)	(32.8)
Special credit, net	-	18.4	-	8.9
Gain on sale of interest in Western Atlas	-	-	-	275.7
Interest expense, net	(4.1)	(2.8)	(8.3)	(10.1)
Earnings before taxes, minority interest and accounting change	$ 72.5	$ 98.3	$ 132.4	$ 465.7

</TABLE>

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

On January 21, 1994, Dresser merged with Baroid Corporation (Baroid). On August 5, 1994, Dresser merged with Wheatley TXT Corp. (Wheatley). The "Company" as used in this discussion refers to Dresser and its subsidiaries including Baroid and Wheatley. The mergers were accounted for as poolings of interests. Financial data, statistical data, financial statements and discussion of financial information included in this report have been prepared as if the mergers had occurred on November 1, 1993.

Results of Operations - Three Months and Six Months Ended April 30, 1995 Compared to 1994

ACCOUNTING CHANGE

Effective November 1, 1994, the Company changed its accounting for postemployment benefits as required by Statement of Financial Accounting Standards No. 112, Employers Accounting for Postemployment Benefits (SFAS 112). Postemployment benefits include salary continuation, disability and health care for former or inactive employees who are not retired. Medical benefits for employees on long-term disability are the most significant of these benefits. SFAS 112 requires accrual of the cost of these benefits currently. The Company had previously accrued the liability for salary continuation but had expensed the other benefits as paid. Annual expense under SFAS 112 for 1995 is not expected to be significantly different from the actual cash payments. The Company recorded a charge of $16.0 million (net of tax of $9.0 million) or $0.09 per share in the first quarter of 1995 for the cumulative effect of the accounting change.

IMPACT OF UNUSUAL OR NONRECURRING ITEMS

Results of operations for the second quarter and the first six months of 1995 were favorable in comparison to the 1994 periods when several unusual or nonrecurring items are excluded from 1994. A reconciliation and discussion of these items follows:

<TABLE>
<CAPTION>

	Three Months Ended April 30,		Six Months Ended April 30,	
	1995	1994	1995	1994
	(In millions except per share amounts)			
Reported earnings before				
<S>	<C>	<C>	<C>	<C>>
accounting change	$ 45.1	$ 54.6	$ 83.7	$ 249.9
Unusual or nonrecurring items,				
net of tax:				
Insurance recovery of				
litigation loss	-	11.6	-	11.6

Gain on affiliate's stock offering	-	-	-	10.0
M-I Drilling Fluids earnings	-	-	-	6.3
Drill Bit pricing litigation settlement	-	-	-	(6.0)
Gain on sale of interest in Western Atlas	-	(.5)	-	146.5
	-	11.1	-	168.4
Earnings from operations	$ 45.1	$ 43.5	$ 83.7	$ 81.5
Earnings Per Share				
Reported earnings before accounting change	$ .25	$ .29	$ .46	$ 1.37
Unusual or nonrecurring items, net of tax:				
Insurance recovery of litigation loss	-	.06	-	.06
Gain on affiliate's stock offering	-	-	-	.06
M-I Drilling Fluids earnings	-	-	-	.03
Drill Bit pricing litigation settlement	-	-	-	(.02)
Gain on sale of interest In Western Atlas	-	-	-	.80
	-	.06	-	.93
Earnings from operations	$ .25	$ .23	$ .46	$ .44

</TABLE>

In 1993, the Company settled litigation brought by Parker & Parsley Petroleum Company. In the second quarter of 1994, the Company settled a coverage dispute with certain insurance carriers regarding the Parker & Parsley settlement and recognized a $18.4 million pre-tax gain which was reported as a "Special Credit".

The M. W. Kellogg Company, a wholly-owned subsidiary of the Company, recognized a pre-tax gain of $11.0 million on a public stock offering by an affiliated company in Mexico.

The Company sold its interest in M-I Drilling Fluids Company in February, 1994 following the merger with Baroid Corporation.

The Company settled litigation concerning Drill Bit pricing and recorded a pre-tax "Special Charge" of $9.5 million in the first quarter of 1994.

The Company sold its interest in Western Atlas International, Inc. in January, 1994 and recognized a pre-tax gain of $275.7 million.

CONSOLIDATED RESULTS

Revenues of $1,261.2 million for the three months and $2,561.5 million were down $63 million or 5% and $159 million or 6% respectively from the 1994 periods. Revenues from M-I Drilling Fluids in 1994 were $38 million in the three months and $147 million in the six months accounting for most of the decreases. Various offsetting revenue changes, which will be covered in the segment discussion, made up the remainder of the net decreases.

Consolidated gross earnings as a percentage of revenues for the second quarters of 1995 and 1994 were essentially the same at 23.4% and 23.8%, respectively. However, the percentage for the six months of 1995 was 22.5% down from 23.9% for the six months in 1994. The decrease primarily reflects the impact in 1994 of M-I Drilling Fluids and the impact in 1995 of lower volume in the pipecoating business, which is higher margin business, and lower margins in Engineering Services. See the Industry Segment Analysis for discussion under each segment.

Selling, engineering, administrative and general expenses were down $14.3 million in the quarter and $34.1 million in the six months primarily due to the expenses of M-I Drilling Fluids in 1994.

The effective income tax rate was 33% for both the three months and the six months of 1995 compared to 37% for the three months and 43% for the six months of 1994. The lower effective rate in 1995 approximates the effective rate the Company experienced for fiscal year 1994, after adjusting for nonrecurring items, and is the Company's current estimate of the annual rate for 1995. In 1994, a lower tax basis on the investment in Western Atlas, compared to the book basis, resulted in a tax charge of $129.7 million or 47% on the gain on sale. The Western Atlas transaction increased the overall rate for the six months of 1994 from 37% to 43%.

Minority interest expense was down $3.6 million for the quarter and $10.9 million for the six months compared to the 1994 periods. The decrease for the quarter was mostly due to lower 1995 earnings of Dresser-Rand (49% minority owned). The decrease for the six months was due to lower 1995 earnings of Dresser-Rand and the 36% minority interest in M-I Drilling Fluids in 1994.

INDUSTRY SEGMENT ANALYSIS

See Note I to Condensed Consolidated Financial Statements for details of financial information by industry segment.

Oilfield Services

Revenues and operating profit for the Oilfield Services segment were as follows (in millions):

<TABLE>
<CAPTION>

	Three Months 1995	Three Months 1994	Six Months 1995	Six Months 1994
Revenues -				
<S>	<C>	<C>	<C>	<C>
Current operations	394.7	369.9	777.3	743.5
M-I Drilling Fluids*	-	37.8	-	147.0
Total	394.7	407.7	777.3	890.5
Operating profit -				
Current operations	34.2	37.5	67.4	83.5
M-I Drilling Fluids*	-	(1.9)	-	10.0
Total	34.2	35.6	67.4	93.5

</TABLE>

*Sold in February, 1994.

As shown above, current or ongoing operations had higher revenues but lower operating profits in both the 1995 quarter and six months in comparison to 1994. The divisions providing oilfield products and services, led by the Baroid Drilling Fluids and Sperry-Sun Drilling Services divisions, had significantly higher revenues and operating profits in both periods despite a slight decline in global rig count. Baroid Drilling Fluids benefited from strong volume and market share gains in key North American and international markets. Sperry-Sun achieved higher volumes in the U.S. Gulf Coast area, in Canada and in the United Kingdom.

The Bredero Price pipecoating division experienced significantly lower revenues and operating profits in both the quarter and six months. The lower operating profits more than offset the gains by the products and services divisions. Bredero Price has been experiencing a cyclical downturn in business. However, Bredero Price was awarded a $300 million contract in March for a pipecoating project in the North Sea which is encouraging for future years' earnings.

The Sub Sea underwater engineering operations had higher revenues in both the current quarter and six months than in 1994. Sub Sea had higher profits in the current quarter than in 1994 but is still down from 1994 on a year-to-date basis. The six months of 1994 included profits on a significant international contract which was completed in 1994 and a gain on the sale of a Norwegian affiliate.

Hydrocarbon Processing Industry

Dresser-Rand - Revenues and operating profits were down from both the 1994 quarter and six months. The decreases were due to lower sales volumes of complete units and repair parts attributable to a cyclical slow-down in the industry. The backlog of orders rose to $812.8 million at April 30, 1995 which was an increase of 23% from October 31, 1994.

Ingersoll-Dresser Pump - The Company's equity in earnings of this 49% owned joint venture was higher in both the quarter and the six months compared to 1994. IDP is benefiting from internal efficiencies reflecting cost reduction and restructuring programs.

Other Operations - Revenues for both the three months and six months of 1995 were higher than in the 1994 periods. The revenue increases were primarily from the Wayne, Waukesha Engine and Instrument divisions. All divisions in these operations were profitable in the current quarter, and the combined profit was the same as in the 1994 quarter. Operating profit for the six months of 1995 is ahead of 1994 due to the favorable first quarter 1995 results of the Wayne, Waukesha Engine, Instrument and Valve and Controls divisions.

Engineering Services (The M. W. Kellogg Company)

Operating profit for the current quarter was higher than the comparable quarter in 1994 and the first quarter of this year primarily because certain milestones were successfully met on large international contracts which resulted in the recognition of higher profit than previously anticipated. Although revenues were up 4%, operating profit for the six months was down slightly compared to the prior year because certain large, turnkey projects with higher margins represent a smaller percentage of M. W. Kellogg's total revenue this year. This situation will continue for the short term until the benefits of recent orders received are reflected in earnings in 1996 and beyond.

Kellogg's backlog at April 30, 1995 was $1.9 billion, up $.3 billion from October 31, 1994. The increase was primarily due to major new awards in the United States and Uzbekistan.

Liquidity, Capital Resources and Financial Condition

The Company's liquidity and overall financial condition remain strong with no significant changes during the six months. As shown on the statements of cash flows, cash provided by operating activities of $185.5 million was more than adequate to cover capital expenditures and dividends. Cash and cash equivalents decreased $100.1 million during the six months primarily due to $53.1 million used for business acquisitions and $40.1 million to purchase two million shares of the Company's common stock. As noted in Note C to the Condensed Consolidated Financial Statements, the Company completed three acquisitions in May totaling $73.5 million and completed the Grove acquisition in June for approximately $160.0 million. These acquisitions were funded primarily from cash on hand.

The Company's ratio of total debt to total debt and shareholders' equity was 23/77 at April 30, 1995, the same as at October 31, 1994.

Management believes that the cash on hand, cash that will be provided by future operations and existing lines of credit will be adequate to finance known requirements. Management also believes that the Company's strong financial condition and favorable credit ratings will allow the Company to borrow additional funds should the need arise.

Legal and Environmental Matters

The Company is currently involved in a number of lawsuits. See Note H to Condensed Consolidated Financial Statements for information on these lawsuits and evaluation of the Company's exposure. The Company has been identified as a potentially responsible party in a number of Superfund sites. Note H to Consolidated Financial Statements also includes a review and evaluation of the claims.

PART II. OTHER INFORMATION

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

(a) The Annual Meeting of Shareholders of Registrant was held on March 16, 1995.

(c) At the Annual Meeting, the shareholders:

(i) voted to elect, in an uncontested election, thirteen directors of the Company. Each nominee for Director was elected by a vote of the shareholders as follows:

	Votes For	Votes Withheld
William E. Bradford	156,800,397	693,160
Samuel B. Casey, Jr.	156,765,949	727,608
Sylvia A. Earle	153,079,309	4,414,248
Lawrence S. Eagleburger	156,697,528	796,029
Rawles Fulgham	156,736,372	757,185
John Gavin	156,793,248	700,309
Ray L. Hunt	156,807,043	686,514

J. Landis Martin	156,778,737	714,820
John J. Murphy	156,786,082	707,475
Lionel H. Olmer	156,392,303	1,101,254
Jay A. Precourt	156,806,685	686,872
Bill D. St. John	156,804,315	689,242
Richard W. Vieser	156,765,118	728,439

(ii) voted upon a proposal to approve amendments to the Dresser Industries, Inc. 1992 Stock Compensation Plan. The proposal was approved by a vote of the shareholders as follows:

Votes for	146,897,937
Votes against	7,772,332
Abstentions	2,823,288
Broker nonvotes	0

(iii) voted upon a proposal to approve the 1995 Executive Incentive Compensation Plan. The proposal was approved by a vote of the shareholders as follows:

Votes for	140,566,933
Votes against	14,503,156
Abstentions	2,423,468
Broker nonvotes	0

(iv) voted upon a shareholder proposal requesting the Board of Directors commit to uphold the Code of Conduct for Business Operating in South Africa and report to shareholders on its implementation. The proposal was defeated by a vote of the shareholders as follows:

Votes for	10,081,544
Votes against	117,124,521
Abstentions	9,795,731
Broker nonvotes	20,491,761

SIGNATURE

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.

DRESSER INDUSTRIES, INC.

By: /s/George H. Juetten

George H. Juetten
Vice President - Controller
(Principal Accounting Officer)

Dated: June 13, 1995

EXHIBIT INDEX

Exhibit	Description
27	Financial Data Schedule. (Pursuant to Item 601(c)(iv) of Regulation S-X, the Financial Data Schedule is not deemed to be "filed" for purposes of Section 11 of the Securities Act of 1933, as amended, or Section 18 of the Securities Exchange Act of 1934, as amended.)

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