FORM 10-K405

Annual report pursuant to section 13 and 15(d), Regulation S-K Item 405

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FILER

DANIEL INDUSTRIES INC

CIK:**26821**| IRS No.: **741547355** | State of Incorp.:**DE** | Fiscal Year End: **0930**
Type: **10-K405** | Act: **34** | File No.: **001-06098** | Film No.: **99574404**
SIC: **3823** Industrial instruments for measurement, display, and control

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

FORM 10-K

(MARK ONE)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1998
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM ___________ TO ___________

Commission File Number 1-6098

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

DELAWARE	74-1547355
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

9753 Pine Lake Drive, Houston, Texas 77055
(Address of principal executive offices) (Zip Code)

713-467-6000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Class	Name of Each Exchange on Which Registered
Common Stock, $1.25	New York Stock Exchange
Rights to Purchase Preferred Shares	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X]. No [ ].

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

At March 15, 1999, the aggregate market value of Common Stock, $1.25 par value, of the registrant held by non-affiliates of the registrant was approximately $181.1 million. As of that date, there were outstanding 17,515,104 shares of Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE

There is incorporated by reference in Part III of this Annual Report on Form 10-K the information contained under the headings "Election of Directors," "Executive Officers," "Executive Compensation," "Certain Relationships and Related Transactions," "Ownership of Common Stock" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Registrant's Proxy Statement for the Company's 1999 Annual Meeting of Stockholders, which Proxy Statement will be filed within 120 days of the end of the registrant's fiscal year.

PART I

ITEM 1. BUSINESS

General

Daniel Industries, Inc. was incorporated in Delaware in 1988 as the successor to a business started in 1930. Unless the context indicates otherwise, references to "Daniel" or the "Company" refer to Daniel Industries, Inc., its subsidiaries and their predecessors.

Daniel is engaged in providing products and services used primarily by transporters, refiners and processors of oil and natural gas. Daniel manufactures a variety of measurement devices including orifice, turbine and ultrasonic meters and a wide range of electronic instruments used in conjunction with flow measurement products. Daniel also designs, fabricates and assembles automated flow measurement systems to meet specific needs and applications. Daniel manufactures and sells valves, primarily for pipeline use, as well as valve actuators and control systems, which are used to remotely and automatically open and close quarter-turn and linear valves for any industry that uses pipes to transport liquids and gases in supply, manufacture or distribution operations.

On March 16, 1999, Daniel's Board of Directors retained the services of Simmons & Company International, a specialized investment banking firm serving the worldwide energy services industry, to assist Daniel in evaluating its strategic options for maximizing the value of the Company to its stockholders. The strategic review was initiated following an unsolicited proposal to Daniel's Board of Directors to acquire all the outstanding common stock of Daniel for cash and stock aggregating $15.00 per share. Daniel's Board of Directors voted to reject the $15.00 per share proposal as inadequate and instead initiated a process to determine what course of action would result in the greatest return to Daniel's stockholders.

Daniel's management and Board members believe that because of the Company's well-recognized franchises in measurement and control products, systems and services and in valves and valve actuators, Daniel is uniquely positioned within the energy services industry. The Company's management and Board members also believe that whether Daniel remains an independent company and continues to implement its strategic plan or becomes part of a larger concern, the people and products of Daniel Industries will play a major role in shaping the future of the measurement and control industry.

In December 1996, Daniel's Board of Directors approved a change in fiscal year-end from September 30 to December 31, and the Company filed a Transition Report on Form 10-Q for the three month transition period ended December 31, 1996.

Products and Services

Measurement and Control

Since its inception in 1930, Daniel has manufactured products that employ a method known as differential pressure orifice measurement to measure fluids, primarily natural gas. These orifice measurement products cause a decline in pressure as fluid flows through the device. This decline in pressure is measured and utilized to determine rates of flow and accumulated volumes of fluid. In addition to the differential pressure orifice measurement products, Daniel manufactures flow measurement products that use turbines whose frequency of rotation indicates the rates of flow and accumulated volumes, and non-intrusive ultrasonic gas flow meters for custody transfer and bi-directional check metering.

Daniel also manufactures a wide range of electronic instruments used in conjunction with flow measurement products. Daniel's electronic flow computers instantaneously compute and display the rate of flow and accumulated volumes of fluid. Daniel's chromatographs are used to measure the relative concentrations of the various constituents of natural gas, to measure the energy content of the gas in the pipeline and to convert the volumes of gas flow from the pressurized conditions in a pipeline to standard conditions of atmospheric pressure. In addition, Daniel designs and manufactures electronic products for the automation of liquid petroleum loading facilities. The Company has developed several software programs and has an in-house programming capability to meet specific customer applications.

Daniel designs, fabricates and assembles flow measurement systems, including specialized electronic and control systems for the automation of liquid petroleum product loading systems. Typically, a system is mounted on one or more skids for ease of installation and contains various mechanical equipment, electronic instrumentation, piping, support structures and walkways. A system can be operated manually or it may be completely automated through the use of computers and other instrumentation supplied and programmed by Daniel. In the process of supplying a flow measurement system, Daniel first determines the total measurement requirements and designs the system. Daniel then fabricates or procures the various mechanical and electronic components of the system. Systems are assembled and tested at Daniel's Houston, Texas; Falkirk, Scotland; or Malton, England plants. Daniel also has the capability to supervise on-site installation and start-up operations of the system and to provide servicing subsequent to the installation.

In competing for the sale of systems, Daniel may enter into contracts which provide for the completion of the systems at specified prices and in accordance with sometimes lengthy time schedules. These contracts may, therefore, involve risks as a result of unforeseen increases in the prices of raw materials and other costs. Daniel accounts for sales of systems using the percentage-of-completion method, which requires recognition of revenues and costs over the life of the contract, rather than solely at the time the contract is completed.

As the energy industry has become more deregulated, the Company has recognized that an increasing number of oil and gas producers, transporters and distributors want to become more focused on their core competencies as energy marketers and are seeking ways to improve operating efficiency and measurement accuracy. Many Daniel customers want not only top quality products, but integrated measurement solutions as well, and the Company perceives an emerging market for measurement services. Thus, Daniel formed Daniel Measurement Services ("DMS"), a new operating arm of the measurement and control business.

Sales of all measurement products and services, electronic instruments and flow measurement systems worldwide contributed 48%, 53%, 50% and 52% of Daniel's revenues from operations for the years ended December 31, 1998 and December 31, 1997, the three month period ended December 31, 1996, and the year ended September 30, 1996.

Actuation

Daniel also manufactures and sells valve actuators and controls used to remotely and automatically open or close quarter-turn or linear valves. The market for valve actuators and controls includes any industry utilizing pipes to transport liquids or gases in supply, manufacture and distribution operations. For Daniel's customers, remote automatic operation of valves enhances environmental safety, reduces personnel requirements and provides an accurate, efficient and measurable means of controlling valve positioning in any application. Worldwide sales of valve actuators contributed 36%, 35%, 38% and 29% of Daniel's revenues from operations for the years ended December 31, 1998 and December 31, 1997, the three month period ended December 31, 1996, and the year ended September 30, 1996 .

Valves

Daniel is also engaged in the manufacture of gate valves and repair of pipeline valves. The gate valves are fabricated from plate steel and also manufactured from castings. Daniel offers both slab and expanding gate valves with primary applications as pipeline block valves and for on/off service in liquid and gas systems. The cast steel gate valves are also used for geothermal wellhead and block valve service. In addition, Daniel manufactures surge relief and flow control valves for liquid and gas pipeline applications. Daniel also offers repair, refurbishment and inventory management services for pipeline valves. Sales of all valve products and services worldwide contributed 16%, 12%, 12% and 19% of Daniel's revenues from operations for the years ended December 31, 1998 and December 31, 1997, the three month period ended December 31, 1996, and the year ended September 30, 1996 .

Distribution

The geographic market for Daniel's products and systems is worldwide. Daniel has sales offices in: twelve United States cities; Calgary and Edmonton, Canada; Esbjerg, Denmark; Villemomble, France; Fareham and Malton, England; Falkirk and Aberdeen, Scotland; Rheinberg, Germany; New Bombai, India; Dubai, United Arab Emirates; Perth, Australia; Leiden, Holland; and Singapore. In addition, sales are made domestically and in certain foreign countries through a system of distributors and through sales representatives working on a commission basis. Sales are principally made to integrated oil companies, gas pipeline companies and other concerns engaged in the production, transmission and marketing of oil and natural gas. However, Daniel's products and systems are also utilized in the water handling, chemical, power generation, food and beverage, and pulp and paper industries.

Competition

Management believes that, in terms of revenues, Daniel is the largest domestic producer of orifice measurement products used to measure natural gas flows in custody transfer and of large diameter pipeline gate valves. Since the merger with Bettis Corporation ("Bettis") in 1996, management has considered Daniel a major competitor in both the domestic and international markets for valve actuators. In addition, management believes that Daniel is a major international supplier of terminal automation equipment for terminal petroleum product truck loading and of flow measurement systems, which are used to measure crude oil flows. In general, Daniel has numerous competitors, none of which it considers to be dominant overall. The principal competitive factors affecting Daniel's business include, singularly or in various combinations, price, the ability to meet strict delivery requirements, design, service and efficiency.

Backlog

At December 31, 1998 and 1997, Daniel's backlog of orders was approximately $59,042,000 and $72,518,000, respectively. The decline in backlog is primarily due to a slowdown of new orders resulting from lower energy prices. Daniel anticipates that substantially all of the backlog at December 31, 1998, will be shipped prior to December 31, 1999.

Foreign Operations

Approximately 23% of Daniel's revenues for the year ended December 31, 1998 were attributable to sales of products and systems manufactured or assembled at Daniel's plants in the United Kingdom, France, Denmark or Germany. The sale of the Company's products and systems for installation or use outside the United States, inclusive of the operations in the United Kingdom, France, Denmark and Germany, contributed approximately 59%, 59%, 57%, and 58% of Daniel's consolidated revenues from core operations for the years ended December 31, 1998 and December 31, 1997, the three month period ended December 31, 1996, and the year ended September 30, 1996, respectively. Daniel's operations outside the United States are subject to the usual risks of such operations, including changes in governmental policies, currency transfer restrictions and devaluation. Daniel strives to minimize these risks through the use of letters of credit, United States dollar-denominated contracts and hedging of specific foreign currency commitments. Financial information about Daniel's foreign and domestic operations is presented in Note 16 of Notes to Consolidated Financial Statements. Such information is incorporated by reference here.

Business Combination and Dispositions

On October 31, 1998, Daniel acquired all of the outstanding stock of Metco Services Ltd. ("Metco"). Based in Aberdeen, Scotland, Metco is a provider of flow measurement services to the international energy industry. The acquisition was accounted for by the purchase method, and accordingly, the purchase price was allocated to the net assets acquired based on their fair market value. The operations related to this acquisition are not material to Daniel's results of operations.

On December 12, 1996, Daniel completed a merger with Bettis under which Bettis stockholders received .58 of a share of Daniel common stock ("Common Stock") for each share of Bettis common stock held for an aggregate of 4,920,392 shares of Common Stock. The transaction was accounted for as a pooling of interests and as such, Daniel's financial statements have been restated to include Bettis for all periods presented.

During 1997, the Company sold certain non-core assets including its ball valve product line, a linear actuator product line, a building owned by a subsidiary of Bettis and the stock of a German subsidiary. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

Pending Business Acquisition

In February 1999, the Company announced discussions with Hytork International Plc ("Hytork") to acquire 100% of the outstanding common shares of Hytork. Based in the United Kingdom, Hytork is a designer, manufacturer and marketer of rack and pinion actuators for a broad range of industrial applications. With annual revenues of approximately $20 million, if the acquisition is consummated, Hytork would complement Daniel's Bettis division by broadening the product offering and increasing participation in non-oilfield markets.

Customers

Daniel's customers are primarily major and independent oil and gas companies, foreign national oil companies and others in the petroleum industry. Daniel occasionally enters into contracts to design and assemble one or more flow measurement systems for a single installation. While such systems can be of material importance to the results of operations for a particular fiscal period, Daniel is not, on a continuing basis, dependent on a few customers, and no single customer accounted for more than 10% of Daniel's total revenues in 1998.

Patents and Research

The Company has followed a policy of seeking patent protection both inside and outside the United States for products and methods that appear to have commercial significance. The Company believes its patents and trademarks to be adequate for the conduct of its business, and while it regards patent and trademark protection as important to its business and future prospects, it considers its established reputation, the reliability of its products and the technical skills of its personnel to be more important.

Daniel is engaged in research activities related to the development of new products as well as the improvement of existing products. The amounts expended for research and product development activities for the years ended December 31, 1998 and 1997, the three month period ended December 31, 1996, and the year ended September 30, 1996, were $4,486,000, $5,221,000, $1,088,000, and $2,583,000, respectively.

Employees

At December 31, 1998, Daniel employed approximately 1,800 people, none of whom are subject to a collective bargaining agreement. Daniel considers its employee relations to be satisfactory.

Environmental Compliance

Compliance with existing governmental regulations relating to the discharge of materials into the environment, or otherwise relating to the protection of the environment, does not have, nor is it expected to have, a material effect on Daniel.

Other Business Conditions and Regulations

Daniel's business is largely dependent, in the long-term, upon the level and nature of activity in the worldwide oil and natural gas industries. The level of such activity is influenced by numerous factors, including general economic conditions, the demand for oil and/or natural gas, development of alternative energy sources, taxation, price controls and other political and economic conditions.

The business of Daniel is moderately seasonal to the extent that many of its products and systems are installed and its services provided out-of-doors. Consequently, sales attributable to these products and services tend to increase somewhat during the summer months when the weather is more favorable, and there are more daylight hours.

Although a large majority of the Company's revenues are tied to the energy industry, most of these revenues are generated in the industry's downstream sectors involved in gathering, transmission and distribution. Management believes that pipeline construction provides the best measure of activity in the downstream sector and is the most important indicator for the Company. While the near-term outlook for the energy industry overall is less than favorable, a major industry publication (Pipeline and Gas Industry magazine) has projected a 4% increase in miles of pipeline to be constructed for 1999 relative to 1998.

For a discussion of working capital, see "ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - LIQUIDITY AND CAPITAL RESOURCES."

ITEM 2. PROPERTIES

The principal offices and manufacturing facilities of Daniel are as follows:

<TABLE>
<CAPTION>

Location	Approx. Area (Sq. Ft.)	Leased/ Owned	Utilization
<S>	<C>	<C>	<C>
Houston, Texas (includes corporate headquarters)	695,000	Owned	Offices and manufacturing
Falkirk, Scotland	258,000	Owned	Offices and manufacturing
Waller, Texas	146,000	Owned	Offices and manufacturing
Edmonton, Canada	99,000	Owned	Offices and manufacturing
Mansfield, Ohio	87,400	Owned	Offices and manufacturing

Fareham, England	70,500	Leased	Offices and manufacturing
Santa Fe, Texas	33,500	Owned	Offices and manufacturing
Cincinnati, Ohio	27,200	Leased	Offices and manufacturing
Calgary, Canada	26,200	Leased	Offices and manufacturing
Malton, England	25,600	Owned	Offices and manufacturing
Villemomble, France	16,000	Leased	Offices and manufacturing
Pickering, England	17,700	Leased	Offices and manufacturing
Houma, Louisiana	10,000	Owned	Offices and manufacturing
Esbjerg, Denmark	9,800	Leased	Offices and manufacturing

</TABLE>

Daniel believes that its manufacturing facilities will be suitable and adequate to meet production demands for the foreseeable future. In addition to its manufacturing plants, the Company leases sales offices for its operations in the United States and internationally.

ITEM 3. LEGAL PROCEEDINGS

Daniel is involved in various legal proceedings and claims arising in the ordinary course of business. In the opinion of management, the amounts of ultimate liability, if any, with respect to these actions will not materially affect the financial position or future results of operations of Daniel.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There was no matter during the quarter ended December 31, 1998 that was submitted to a vote of security holders.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The Common Stock of Daniel is traded on the New York Stock Exchange ("NYSE") under the symbol DAN. At March 15, 1999, the approximate number of holders of record of shares of Common Stock was 2,260. The following table sets forth for the periods indicated (i) the high and low sale prices of a share of Common Stock as reported on the NYSE and (ii) the amount of cash dividends paid per share of Common Stock. Such dividends were declared and paid on a quarterly basis.

<TABLE>
<CAPTION>

	Price of Common Stock High	Price of Common Stock Low	Dividends Paid
<S>	<C>	<C>	<C>
Fiscal 1998 Quarter Ended:			
December 31, 1998	$ 15 3/4	$ 9 1/2	$ .045
September 30, 1998	20 1/16	10 7/8	.045
June 30, 1998	22 1/4	17 1/4	.045
March 31, 1998	20 1/4	16 1/4	.045
Fiscal 1997 Quarter Ended:			
December 31, 1997	$ 21 15/16	$ 17 1/2	$ .045
September 30, 1997	19 3/4	15 1/8	.045
June 30, 1997	15 5/8	12 3/8	.045
March 31, 1997	15 1/8	11 1/2	.045

</TABLE>

Daniel is authorized by its Certificate of Incorporation to issue up to 1,000,000 shares of serial preferred stock, $1.00 par value, but no shares of serial preferred stock have been issued. Subject to the rights of holders of serial preferred stock, the holders of shares of Common Stock are entitled to receive dividends when and as declared by the Board of Directors.

Daniel has paid cash dividends on the Common Stock during each year since 1948. Daniel's future dividend policy with respect to the Common stock, including the frequency, type and amount of dividends, if any, will be determined by the Board of Directors in light of the Company's results of operations, cash flow and anticipated capital requirements, possible future issuances of serial preferred stock and any restrictions as to payment of dividends contained in the Company's debt agreements.

ITEM 6. SELECTED FINANCIAL DATA

<TABLE>
<CAPTION>

	Year Ended December 31,		Three Months Ended December 31,		Year Ended September 30,		
	1998	1997	1996	1995	1996 (a)	1995 (b)	1994 (b)
	(in thousands, except per share data)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues	$ 283,159	$ 268,861	$ 53,764	$ 54,154	$ 233,611	$ 223,428	$ 255,370
Net income (loss)	15,237	10,574	(17,944)(c)	2,810	12,677(d)	(10,512)(e)	3,391
Total assets	236,424	233,954	233,575	205,534	248,769	210,344	231,962
Long-term debt	30,639	37,283	30,233	15,613	34,702	18,470	24,096
Basic earnings (loss) per share	.87	.62	(1.05)	.16	.74	(.62)	.20
Diluted earnings (loss) per share	.86	.61	(1.05)	.16	.73	(.62)	.20
Cash dividends per share	.18	.18	.045	.045	.18	.18	.18
Average shares outstanding	17,435	17,146	17,061	17,002	17,027	16,966	16,949
Average diluted shares outstanding	17,690	17,483	17,249	17,154	17,281	17,121	16,981

</TABLE>

(a) Includes Bettis' results for the nine months ended September 30, 1996 and three months ended December 31, 1995.

(b) Reflects consolidated results of Daniel's years ended September 30 with Bettis' years ended December 31.

(c) Net loss for the period includes $16,663 in restructuring and other charges. See Note 2 of Notes to Consolidated Financial Statements.

(d) Net income for the year includes $3,267 in gains on sales of non-core assets. See Note 3 of Notes to Consolidated Financial Statements.

(e) Net loss for the year includes $16,115 in restructuring and inventory write-downs and $11,958 in losses on divestitures of non-core assets.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Overview

Daniel provides products and services used primarily by both domestic and international transporters, refiners and processors of oil and natural gas. This includes the design and manufacture of flow measurement devices and systems, valves and valve actuators and control systems.

On October 31, 1998, Daniel acquired all of the outstanding stock of Metco Services Ltd., an Aberdeen, Scotland based provider of measurement services to the international energy industry. Metco, now part of the DMS operation, enhances the measurement services group with its international presence. Consideration for the Metco stock approximated $1,176,000 with $880,000 paid at closing and a final contingent payment of $296,000 due 30 days after completion of an audit of Metco's financial statements for the year ending May 31, 1999. The operations of Metco, accounted for by the purchase method, are not material to Daniel's overall results of operations.

On May 13, 1998, the Company announced the formation of DMS to focus on the emerging market for measurement services. As the industry becomes less regulated, oil and gas producers, transporters and distributors are becoming more focused on their core competencies as energy marketers and have expressed interest in outsourcing measurement functions. The creation of DMS enables the Company to provide its customers with integrated measurement solutions to complement its products.

On December 12, 1996, Daniel completed a merger with Bettis under which Bettis stockholders received .58 of a share of Common Stock for each share of Bettis common stock held for an aggregate of 4,920,392 shares of Common Stock. The transaction was accounted for as a pooling of interests and, as such, Daniel's financial statements have been restated to include Bettis for all periods presented.

Also on December 12, 1996, the Board of Directors approved a change in the Company's fiscal year end from September 30 to December 31. The change in fiscal year resulted in a transition period from October 1, 1996 through December 31, 1996. Results of operations for the three month period are presented in the Consolidated Financial Statements included in this Annual Report.

Year Ended December 31, 1998 versus Year Ended December 31, 1997

Daniel's consolidated revenues increased 5.3% during the year ended December 31, 1998 when compared to the fiscal year ended December 31, 1997. The increase is due to a 36.7% increase in revenues of the Company's valve operations due in part to the sale of large diameter gate valves in two large projects with Enbridge (formerly Interprovencial Pipe Line, Inc.) and an 8.1% increase in Daniel's valve actuator business' revenues which was primarily generated in the United Kingdom and Denmark. These increases in revenues were partially offset by decreased revenues attributable to the Company's measurement and control business, down 3.3% when compared to the prior year. This decrease reflects a decline in Daniel's international metering systems project activity, as well as fewer sales of spare parts and small production meters.

The gross margin percentage in 1998 was 38.3%, up slightly from 36.7% in fiscal 1997. The gross margin in 1998 was favorably affected by increased margins on the sale of valves and valve actuators, while the margins on measurement and control revenues remained flat when compared to 1997.

Selling, engineering and administrative expenses in 1998 were up 5.2% when compared to fiscal 1997 and essentially flat as a percentage of sales from year to year at 27.2%. The increase in expense was due largely to the increase in sales volume. Research and development expenses decreased from $5,221,000 to $4,486,000 primarily due to reduced spending on electronic product development.

During 1997, the Company sold certain non-core assets, a building owned by a subsidiary of Bettis and the stock in a German subsidiary with no significant gain or loss recognized. Certain of these assets had been written down in prior periods.

The effective tax rate for the year ended December 31, 1998 was 37.3% compared to 39.5% for 1997. The decrease is primarily attributable to a reduction in the UK tax rate from 32% to 31% and certain non-deductible losses in 1997 related to the Company's German subsidiary, which was sold in 1997.

Year Ended December 31, 1997 versus Year Ended September 30, 1996

Daniel's consolidated revenues increased 15.1% during the year ended December 31, 1997 when compared to the fiscal year ended September 30, 1996. The increase was due to a 41.4% increase in net revenues from the sale of valve actuators and controls and a 21.1% increase from the sale of flow measurement and control products and services. These increases in revenues were partially offset by decreased revenues attributable to the absence of large orders for slab gate valves which contributed to the valve operation's strong performance in fiscal 1996.

The gross margin percentage in 1997 was 36.7%, up slightly from 36.1% in fiscal 1996. The gross margin in 1997 was favorably affected by increased margins on the sale of flow measurement and control products, while the margins on the sale of valves and valve actuators were relatively flat from year to year.

Selling, engineering and administrative expenses in 1997 were up 20.5% when compared to fiscal 1996 and increased as a percentage of sales from 26.0% to 27.2%. This increase was due largely to the expenses of companies acquired in 1996 being included for the full year. Research and development expenses increased from $2,583,000 to $5,221,000 primarily due to the May 1996 acquisition of Spectra-Tek International Limited ("Spectra-Tek"), coupled with increased spending on electronic product development.

During 1997, the Company sold certain non-core assets, a building owned by a subsidiary of Bettis and the stock in a German subsidiary with no significant gain or loss recognized. Certain of these assets had been written down in prior periods.

The effective tax rate for the year ended December 31, 1997 was substantially unchanged at 39.5% compared to 39.3% for the fiscal year ended September 30, 1996.

Three Months Ended December 31, 1996 vs. Three Months Ended December 31, 1995

The Company recorded pretax charges in the three months ended December 31, 1996 of $16,663,000 resulting in a net loss of $17,944,000 for the period compared to net income of $2,810,000 for the same period in 1995. Unusual charges recorded in the 1996 period consist of the following (in thousands):

<TABLE>

<S>	<C>
Downsizing of a German subsidiary..............................	$ 5,100
Expenses incurred in connection with the Bettis merger...........	3,663
Reorganization costs, largely severance..........................	3,000
Write-downs of long-lived assets................................	2,600
Losses arising from the sales of product lines..................	2,300

Total	$16,663
	=======

</TABLE>

The unusual charges were a result of the Company's ongoing strategic evaluation. The downsizing of the German operations resulted in charges for asset impairments, inventory valuation adjustments and severance accruals. Although not a part of the above total of unusual charges, the evaluations above resulted in the establishment of a deferred tax valuation allowance of approximately $1,500,000 relative to the utilization of the German net operating loss carryforward.

In addition to the German downsizing, during the period the Company committed to disposing of certain insignificant, non-strategic product lines, determined that certain long-lived assets were impaired, and provided accruals for the severance costs of certain employees.

Revenues for the three months ended December 31, 1996 were $53,764,000, compared to $54,154,000 for the same period in 1995. Revenues from businesses acquired by both Daniel and Bettis in 1996 of $8,133,000 were more than offset by a decline in revenues from sales of valve products due to the timing of orders and by the inclusion in the prior year of revenues aggregating $4,815,000 from divested operations.

The gross margin for the three months ended December 31, 1996 declined to 32.5% of revenues compared to 36.6% in the prior period. The decline was due primarily to a change in the product mix of actuators sold and, to a lessor extent, the decrease in sales of valve products.

Selling, engineering and administrative expenses increased by $3,288,000 to $18,033,000 in the 1996 period due primarily to expenses of companies acquired in 1996. Research and development expenses increased by $566,000 representing increased expenditures on certain electronic development projects.

In the three months ended December 31, 1995, the Company sold a non-manufacturing property in Germany resulting in a pretax gain of $1,185,000.

Interest expense increased $416,000 due primarily to increased borrowings which were used to fund acquisitions by both Daniel and Bettis in 1996.

The effective tax rate in the 1996 period is different from the U.S. statutory rate due primarily to losses of the German operations for which no tax benefits were recognized and the non-deductibility of certain expenses associated with the Bettis merger.

Impact of Inflation

An effect of inflation is to increase the prices of labor and raw materials used to manufacture Daniel's products, which may require periodic increases in the prices for the products to maintain gross profit margins. Management does not consider Daniel to have any unique difficulty in managing the effects of inflation on its business.

Euro Conversion

On January 1, 1999, eleven of fifteen countries which are members of the European Union, introduced the new currency unit called the "euro". Prior to the full implementation of the new currency on January 1, 2002, there will be a transition period during which parties may either use their existing currencies or the euro. However, all exchanges between currencies of the participating countries must first be converted into the euro, and then into the country's currency. Although Daniel has not yet completed a full evaluation of the impact of the euro, the conversion has not had nor is it expected to have a material effect on its results of operations.

LIQUIDITY AND CAPITAL RESOURCES

The primary sources of Daniel's liquidity during the year ended December 31, 1998 were internally generated funds, cash available at the beginning of the year, and proceeds from the sales of assets. These funds were used primarily for payments on long-term and short-term debt, capital expenditures, and payments of dividends.

During the year ended December 31, 1998, working capital increased by $3,344,000 to $80,394,000 primarily due to a decrease in current maturities of long-term debt resulting from the final payment on a note to four insurance companies. Although partially offset by changes in other components of working capital, a decrease in accounts payable also contributed to the increase in working capital from December 31, 1997 to December 31, 1998. Daniel considers its financial position to be strong with a current ratio of 2.5 to 1.0. Working capital at December 31, 1998 included $52,549,000 in inventories and deferred tax assets, which are not as liquid as other current assets.

In November 1997, Daniel entered into a credit agreement with a group of four banks, which provided for a $30,000,000 term loan and a $40,000,000 revolving credit facility. The proceeds of the term loan were used to refinance the 8,400,000 (approximately $13,000,000) note originally utilized in the acquisition of Spectra-Tek in May 1996, as well as Bettis' term loan and a portion of Bettis' revolving loan. Borrowings of $7,000,000 under the revolving credit facility were used to refinance the balance of Bettis' revolving loan. The remainder of the revolving credit facility is available for general corporate purposes including the issuance of up to $10,000,000 of letters of credit.

The term loan had an outstanding balance of $24,643,000 at December 31, 1998, and matures on April 30, 2004. Principal in the amount of $1,071,428 is payable quarterly. Also at December 31, 1998, there were loans outstanding totaling $8,000,000 and letters of credit outstanding totaling $2,686,000 under the revolving credit facility. The revolving credit facility matures on April 30, 2000.

Interest rates on the term loan and on the revolving credit facility are, at Daniel's option, LIBOR plus a margin ranging from 0.5% to 1.0%, depending upon Daniel's ratio of funded debt to earnings before interest, taxes, depreciation and amortization, or a base rate which approximates the prime rate. The margin is adjusted no later than 60 days after the end of each quarter and 95 days after the end of each fiscal year. Interest is due on the last day of each calendar quarter for base rate loans and at the end of one, two or three months for LIBOR loans depending on the interest period selected which also includes a six month option.

At December 31, 1998, the interest rate on the revolving credit facility loans was 6.10%. By entering into a swap agreement, Daniel effectively fixed the rate of interest for the life of the term loan at 6.02% plus the margin described above. At December 31, 1998, the interest rate on the term loan was 6.52%.

Daniel also pays a quarterly commitment fee of 3/16% per annum on the unused portion of the revolving credit facility plus a fee of 5/8% for letters of credit. The loans under the credit agreement are unsecured with a negative pledge on Daniel's assets and are guaranteed by Daniel's material domestic subsidiaries. The credit agreement contains financial covenants relating to, among other things, maximum capital expenditures, minimum tangible net worth, a minimum funded debt to earnings before interest, taxes, depreciation and amortization ratio and a minimum debt service coverage ratio. The credit agreement also contains covenants restricting, among other things, fundamental corporate changes, creation of liens, further indebtedness, sales of assets, redemptions of capital stock and certain investments.

At December 31, 1998, Daniel had various committed and uncommitted short-term lines of credit aggregating approximately $39,000,000. These lines of credit are available for short-term borrowings or issuance of letters of credit. At December 31, 1998, borrowings under these lines were $5,900,000 with approximately $14,000,000 available for short-term borrowings. The average short-term interest rate in 1998 and 1997 was 6.73% and 6.81%, respectively.

The Company believes that its working capital, cash generated from operations and amounts available under its lines of credit will be sufficient to meet its operating needs for the foreseeable future.

YEAR 2000

The "Year 2000" issue is the inability of computer systems (both hardware and software) to recognize the change in date from 1999 to 2000. The issue affects not only information technology ("IT") but non-IT systems as well. Non-IT systems typically include embedded technology such as microcontrollers. These system types are more difficult to assess and often require replacement rather than repair. The Company has recognized the significant uncertainty associated with the Year 2000 issue and has developed a team approach at each of its business segments. These teams are charged with the responsibility of eliminating or minimizing any effects Year 2000 issues may have. Each team's remediation efforts are reported monthly to senior management of the business segment and to the Company's Chief Financial Officer. The Audit Committee of the Board of Directors reviews the current status of all Year 2000 issues at each committee meeting.

Products

The Company has established a phased program for testing its products for Year 2000 compliance. Phase One of that testing program, the testing of currently marketed products, is complete. It is Daniel's belief that substantially all necessary modifications will be completed and tested by June 30, 1999.

Certain of the Company's products contain customized software, either added by the customer after delivery or, at the customer's request, added by the Company. Testing of such customized products is usually only practical at the customer's location and is generally undertaken only if requested, and paid for, by the customer.

Internal Systems

The review of Daniel's internal systems is proceeding toward a scheduled completion date of June 30, 1999. At the present time, no "mission critical" systems requiring significant modification or replacement have been identified, other than the management information systems discussed below.

The Company recently implemented a new management information system, licensed from JD Edwards World Solutions Company ("JD Edwards"), which is being utilized at two of the Company's domestic operating divisions as well as at Corporate headquarters. This new system replaces various obsolete legacy systems that have been developed internally over many years. The decision during 1998 to replace the existing systems was heavily influenced by the extremely high estimate of the costs required to make the legacy systems Year 2000 compliant. The cost of the new JD Edwards system, which will be amortized over its expected useful life, was approximately $4,700,000, exclusive of the internal costs of installation and related systems modification.

The essential management information systems of Daniel's other operating divisions are either substantially Year 2000 compliant due to the installation of regular upgrades to existing systems, which are primarily packaged systems provided by major suppliers, or will be made compliant through such upgrades prior to the end of 1999. No material expenditures, which would not have been made absent Year 2000 considerations, have been required in relation to the various upgrades.

Other than the capital expended for the JD Edwards system, Daniel absorbed approximately $130,000 in the year ended 1998 for expenses related to the Year 2000 project. The additional cost estimated to bring the project to completion is $50,000, which will be treated as a period cost and expensed as incurred.

Vendors

Daniel is in the process of identifying and communicating with those of its suppliers and vendors where failure by such third parties to achieve Year 2000 compliance could reasonably be expected to have a material, lasting impact on the Company. This process is scheduled to be substantially complete by June 30, 1999. Contingency plans will be developed for any suppliers or vendors who may pose a material risk to Daniel's ability to manufacture products. With the exception of third parties, such as banks and telephone service providers, where business interruption would impact a large section of the economy, the Company has not identified any significant dependency for which alternate sources are not readily available.

"Most Likely Worst Case Scenario"

The Company has not developed a "most likely worst case scenario" as referred to by the Securities and Exchange Commission. If reasonably quantifiable risks are identified, development of such a scenario will be considered.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES REGARDING MARKET RISK

Market risk inherent in financial instruments is considered immaterial.

ITEM 8. FINANCIAL STATEMENTS

The financial statements required to be filed under this item are presented elsewhere in this report. Such financial statements are incorporated by reference under this Item 8. See the index to this information on page 17 of this Annual Report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information required by this item is set forth in the Proxy Statement of the Company for the 1999 Annual Meeting of Stockholders (the "Proxy Statement") under the sections entitled "Election of Directors", "Executive Officers" and "Section 16(a) Beneficial Ownership Reporting Compliance", and is incorporated by reference here.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this item is set forth in the section entitled "Executive Compensation" in the Proxy Statement and is incorporated by reference here.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information required by this item is set forth in the section entitled "Ownership of Common Stock" in the Proxy Statement and is incorporated by reference here.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information required by this item is set forth in the section entitled "Certain Relationships and Related Transactions" in the Proxy Statement and is incorporated by reference here.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) Documents Filed as a Part of this Report

<TABLE>
<CAPTION>

</TABLE>

2. All financial statement schedules are omitted because they are not applicable or the required information is shown in the financial statements or related notes listed above.

3. Exhibits

Exhibit Number	Description
2.1	Plan and Agreement of Merger dated as of January 22, 1988, by and between Daniel Industries, Inc., a Texas corporation ("Daniel Texas"), and Daniel Industries, Inc., a Delaware corporation ("Daniel" or the "Company"), filed as Exhibit 2.1 to Daniel's Registration of Securities of Certain Successor Issuers on Form 8-B dated May 5, 1988 and incorporated by reference here.
2.2	Agreement and Plan of Merger dated September 17, 1996 by and among Daniel, Blue Acquisition, Inc., and Bettis Corporation, filed as Exhibit 2.1 to Daniel's Registration Statement on Form S-4 (Reg. No. 333-14635) and incorporated by reference here.

3.1	Certificate of Incorporation of Daniel, filed as Exhibit 3.1 to Daniel's Registration of Securities of Certain Successor Issuers on Form 8-B dated May 5, 1988 and incorporated by reference here.
3.2	By-laws of Daniel, as amended through June 1, 1997, filed as Exhibit 3.1 to Daniel's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997 and incorporated by reference here.
3.3	Certificate of Designation, Powers, Preferences and Rights of Series A Junior Participating Preferred Stock filed as Exhibit 3.3 to Daniel's Form 8 amending its Annual Report on Form 10-K for the year ended September 30, 1990 and incorporated by reference here.
4.1	Rights Agreement dated as of May 31, 1990, between Daniel and Wachovia Bank and Trust Company, N.A., as Rights Agent, filed as Exhibit 1 to Daniel's Registration of Certain Classes of Securities on Form 8-A filed June 5, 1990 and incorporated by reference here.
10.1*	1977 Stock Option Plan, as amended and restated on June 17, 1997, filed as Exhibit 10.1 to Daniel's Annual Report on Form 10-K for the year ended December 31, 1997 and incorporated by reference here.
10.2*	1981 Stock Option Plan, as amended and restated on December 31, 1986, filed as Exhibit 19.2 to Daniel Texas's Quarterly Report on Form 10-Q for the quarter ended December 31, 1986 and incorporated by reference here.
10.3*	Form of Director's Stock Option Agreement dated October 9, 1986, between Daniel Texas and Brian O'Neill, filed as Exhibit 19.1 to Daniel Texas's Quarterly Report on Form 10-Q for the quarter ended March 31, 1987 and incorporated by reference here.
10.4*	Form of Change in Control Agreement dated as of March 15, 1995, between Daniel and each of W. C. Clingman and M. R. Yellin, dated August 30, 1996 between Daniel and J. M. Tidwell, dated February 6, 1997, between Daniel and each of W. T. Bratton and W.M. Krenek, filed as Exhibit 10.4 to Daniel's Annual

Report on Form 10-K for the year ended September 30, 1995 and incorporated by reference here.

10.5*	Deferred Compensation Agreement dated March 6, 1996 between Daniel and Ronald C. Lassiter, filed as Exhibit 10.10 to Daniel's Annual Report on Form 10-K for the year ended September 30, 1996 and incorporated by reference here.
10.6*	Employment Agreement dated July 30, 1996 between Daniel and James M. Tidwell, filed as Exhibit 10.11 to Daniel's Annual Report on Form 10-K for the year ended September 30, 1996 and incorporated by reference here.
10.7*	1995 Non-Employee Directors' Stock Option Plan, as amended and restated on December 12, 1996, filed as Exhibit 10.1 to Daniel's Quarterly Report on Form

10-Q for the transition period ended December 31, 1996 and incorporated by reference here.

10.8*	StockAward Plan dated as of December 8, 1995, filed as Exhibit 10.11 to Daniel's Quarterly Report on Form 10-Q for the quarter ended March 31, 1996 and incorporated by reference here.
10.9*	Daniel Industries, Inc. 1997 Stock Option Plan, filed as Exhibit 10.1 to Daniel's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997 and incorporated by reference here.
10.10*	Daniel Industries, Inc. 1997 Non-Employee Director Stock Option Plan, filed as Exhibit 10.2 to Daniel's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997 and incorporated by reference here.
10.11*	Employment Agreement dated June 17, 1997 between Daniel and Thomas A. Newton, Jr., filed as Exhibit 10.3 to Daniel's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997 and incorporated by reference here.
10.12*	Stock Award Agreement dated June 17, 1997 between Daniel and Thomas A. Newton, Jr., filed as Exhibit 10.4 to Daniel's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997 and incorporated by reference here.
10.13*	Change in Control Agreement dated June 17, 1997 between Daniel and Thomas A. Newton, Jr., filed as Exhibit 10.5 to Daniel's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997 and incorporated by reference here.
10.14*	Change in Control Agreement dated June 17, 1997 between Daniel and Ronald C. Lassiter, filed as Exhibit 10.6 to Daniel's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997 and incorporated by reference here.
10.15*	Form of Change in Control Agreement between the Company and each of Daniel J. Sarik, Katie-Pat Bowman and Michael T. Atkins, filed as Exhibit 10.17 to Daniel's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997 and incorporated by reference here.
10.16*	Severance Agreement between Daniel and W.T. Bratton dated February 6, 1996, filed as Exhibit 10.17 to Daniel's Annual Report on Form 10-K for the year ended December 31, 1997 and incorporated by reference here.
10.17	Credit Agreement dated November 19, 1997 between Daniel and Bank One, Texas N.A., Texas Commerce Bank National Association, CIBC Inc., and Credit Lyonnais New York Branch, filed as Exhibit 10.18 to Daniel's Annual Report on Form 10-K for the year ended

December 31, 1997 and incorporated by reference here.

10.18 FirstAmendment to Credit Agreement dated June 4, 1998 between Daniel and Bank One, Texas, N.A., Chase Bank of Texas, National Association, CIBC Inc., and Credit Lyonnais New York filed as Exhibit 10.1 to Daniel's Quarterly

Report on Form 10-Q for the quarter ended September 30, 1998 and incorporated by reference here.

21 Significant Subsidiaries of Daniel.

23 Consent of PricewaterhouseCoopers LLP

27 Financial data schedule.

* Management contract or compensatory plan or agreement.

The Company will furnish a copy of any exhibit described above to any beneficial holder of its securities upon receipt of a written request therefor, and provided further that such holder pays to the Company a fee compensating the Company for its reasonable expenses in furnishing such exhibits.

(b) Reports on Form 8-K

Daniel did not file any report on Form 8-K during the year ended December 31, 1998.

SIGNATURES

As required by Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned.

DANIEL INDUSTRIES, INC.
(REGISTRANT)

Date: March 24, 1999

By: /s/ RONALD C. LASSITER

Ronald C. Lassiter
Chairman of the Board, President, and
Chief Executive Officer

As required by the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

<TABLE>
<CAPTION>

SIGNATURE	TITLE	DATE
<S>	<C>	<C>
/s/ RONALD C. LASSITER ---------------------------------- (Ronald C. Lassiter)	Chairman of the Board, President, and Chief Executive Officer (Principal Executive Officer)	March 24, 1999
/s/ JAMES M. TIDWELL ---------------------------------- (James M. Tidwell)	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 24, 1999
/s/ WILFRED M. KRENEK ---------------------------------- (Wilfred M. Krenek)	Vice President, Controller and Chief Accounting Officer (Principal Accounting Officer)	March 24, 1999
/s/ NATHAN AVERY ---------------------------------- (Nathan Avery)	Director	March 24, 1999
/s/ MICHAEL M. CARROLL ---------------------------------- (Michael M. Carroll)	Director	March 24, 1999
/s/ RALPH F. COX	Director	March 24, 1999

(Ralph F. Cox)		
/s/ GIBSON GAYLE, JR. (Gibson Gayle, Jr.)	Director	March 24, 1999
/s/ W. A. GRIFFIN (W. A. Griffin)	Chairman Emeritus and a Director	March 24, 1999
/s/ THOMAS J. KEEFE (Thomas J. Keefe)	Director	March 24, 1999
/s/ LEO E. LINBECK, JR. (Leo E. Linbeck, Jr.)	Director	March 24, 1999
/s/ BRIAN E. O'NEILL (Brian E. O'Neill)	Director	March 24, 1999

</TABLE>

REPORT OF MANAGEMENT

The accompanying financial statements of Daniel Industries, Inc. and its consolidated subsidiaries were prepared by management, which is responsible for their integrity and objectivity. The statements were prepared in accordance with generally accepted accounting principles and include amounts that are based on management's judgment and estimates.

Daniel maintains a system of internal controls, including accounting controls, and a program of internal auditing. The system of controls provides for appropriate procedures that are consistent with high standards of accounting and administration. Daniel believes that its system of internal controls provides reasonable assurance that assets are safeguarded against losses from unauthorized use or disposition and that financial records are reliable for use in preparing financial statements.

Management also recognizes its responsibility for conducting the Company's affairs according to the highest standards of personal and corporate conduct. This responsibility is characterized and reflected in policy statements regarding, among other things, conduct of the Company's business activities within the laws of the countries in which the Company operates and avoidance of potentially conflicting outside business interests by the Company's employees. Daniel maintains a program to assess compliance with these policies.

/s/ RONALD C. LASSITER

Ronald C. Lassiter
Chairman of the Board, President, and Chief Executive Officer

/s/ JAMES M. TIDWELL

James M. Tidwell
Executive Vice President and Chief Financial Officer

March 24, 1999

REPORT OF INDEPENDENT ACCOUNTANTS

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF
DANIEL INDUSTRIES, INC.

In our opinion, the consolidated financial statements listed in the index under Item 14(a)(1) of this Annual Report on Form 10-K present fairly, in all material respects, the financial position of Daniel Industries, Inc. and its subsidiaries at December 31, 1998 and 1997 and the results of their operations and their cash flows for each of the two years in the period ended December 31, 1998, the three months ended December 31, 1996 and the year ended September 30, 1996, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PRICEWATERHOUSECOOPERS LLP

Houston, Texas
February 26, 1999

DANIEL INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEET
(IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

<S>	December 31, 1998 <C>	December 31, 1997 <C>
ASSETS		
Current assets:		
Cash and cash equivalents	$ 7,506	$ 7,563
Receivables, net of reserve of $1,756,and $1,645	64,867	60,908
Costs and estimated earnings in excess of billings on uncompleted contracts	6,313	6,635
Inventories	47,905	49,688
Deferred tax assets	5,043	5,957
Other	2,971	4,713
Total current assets	134,605	135,464
Property, plant and equipment, net	65,592	62,990
Intangibles and other assets	36,227	35,500
Total assets	$ 236,424	$ 233,954
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable	$ 5,857	$ 7,984
Current maturities of long-term debt	4,756	7,602
Accounts payable	16,046	21,441
Accrued liabilities	27,552	21,387
Total current liabilities	54,211	58,414
Long-term debt	30,639	37,283
Deferred income taxes	6,202	7,831
Total liabilities	91,052	103,528
Commitments and contingencies (See Note 12)	--	--
Stockholders' equity:		
Preferred stock, $1.00 par value, 1,000 shares authorized, 150 shares designated as Series A junior participating preferred stock, no shares issued or outstanding	--	--
Common stock, $1.25 par value, 40,000 shares authorized, 17,508 and 17,321 shares issued	21,885	21,651
Capital in excess of par value	96,839	94,218
Accumulated other comprehensive loss	(4,690)	(4,684)
Retained earnings	31,338	19,241
Total stockholders' equity	145,372	130,426

Total liabilities and stockholders' equity	$ 236,424	$ 233,954

</TABLE>

The accompanying notes are an integral part of the consolidated financial statements.

DANIEL INDUSTRIES, INC.
CONSOLIDATED STATEMENT OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<TABLE>
<CAPTION>

	Year Ended December 31, 1998	Year Ended December 31, 1997	Three Months Ended December 31, 1996	Year Ended September 30, 1996
<S>	<C>	<C>	<C>	<C>
Revenues	$ 283,159	$ 268,861	$ 53,764	$ 233,611
Costs, expenses and other income:				
Cost of sales	174,647	170,067	36,272	149,343
Selling, engineering, and administrative expenses	76,942	73,126	18,033	60,709
Research and development expenses	4,486	5,221	1,088	2,583
Restructuring and other charges	--	--	16,663	--
Gain on divestitures of assets	--	--	--	(3,267)
Interest and other expenses	2,802	2,971	1,152	3,365
Total costs, expenses and other income ..	258,877	251,385	73,208	212,733
Income (loss) before income taxes	24,282	17,476	(19,444)	20,878
Income tax expense (benefit)	9,045	6,902	(1,500)	8,201
Net income (loss)	$ 15,237	$ 10,574	$ (17,944)	$ 12,677
Basic earnings (loss) per common share	$ .87	$ .62	$ (1.05)	$ .74
Diluted earnings (loss) per common share	$ .86	$ .61	$ (1.05)	$ .73
Average shares outstanding	17,435	17,146	17,061	17,027
Average diluted shares outstanding	17,690	17,483	17,249	17,281

</TABLE>

DANIEL INDUSTRIES, INC.
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(IN THOUSANDS)

<TABLE>
<CAPTION>

	Year Ended December 31, 1998	Year Ended December 31, 1997	Ended December 31, 1996	Three Months Year Ended September 30, 1996
<S>	<C>	<C>	<C>	<C>
Net income (loss)	$ 15,237	$ 10,574	$ (17,944)	$ 12,677
Other comprehensive income (loss):				
Foreign currency translation adjustment ..	(6)	(2,678)	1,459	(2,006)
Comprehensive income (loss)	$ 15,231	$ 7,896	$ (16,485)	$ 10,671

</TABLE>

The accompanying notes are an integral part of the consolidated financial statements.

DANIEL INDUSTRIES, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(IN THOUSANDS)

<TABLE>
<CAPTION>

	Common Stock		Capital in Excess of Par Value	Accumulated Other Comprehensive Loss	Retained Earnings	Total
	Shares	Amount				
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at September 30, 1995	17,002	$ 21,252	$ 89,951	$ (1,459)	$ 20,385	$ 130,129
Net income	--	--	--	--	12,677	12,677
Cash dividends at $.18 per share	--	--	--	--	(2,181)	(2,181)
Stock awards	20	25	250	--	--	275
Exercise of options, net of tax	5	6	38	--	--	44
Continuation of service agreements ..	30	38	439	--	--	477
Aggregate translation adjustment	--	--	--	(2,006)	--	(2,006)
Adjustment to conform year ends	--	--	--	--	(635)	(635)
Balance at September 30, 1996	17,057	21,321	90,678	(3,465)	30,246	138,780
Net loss	--	--	--	--	(17,944)	(17,944)
Cash dividends at $.045 per share ...	--	--	--	--	(546)	(546)
Stock awards	3	4	34	--	--	38
Exercise of options, net of tax	4	5	20	--	--	25
Aggregate translation adjustment	--	--	--	1,459	--	1,459
Balance at December 31, 1996	17,064	21,330	90,732	(2,006)	11,756	121,812
Net income	--	--	--	--	10,574	10,574
Cash dividends at $.18 per share	--	--	--	--	(3,089)	(3,089)
Stock awards	70	87	843	--	--	930
Exercise of options, net of tax	157	196	2,204	--	--	2,400
Continuation of service agreements ..	30	38	439	--	--	477
Aggregate translation adjustment	--	--	--	(2,678)	--	(2,678)
Balance at December 31, 1997	17,321	21,651	94,218	(4,684)	19,241	130,426
Net income	--	--	--	--	15,237	15,237
Cash dividends at $.18 per share	--	--	--	--	(3,140)	(3,140)
Stock awards forfeited	(1)	(1)	--	--	--	(1)
Exercise of options, net of tax	158	197	2,182	--	--	2,379
Continuation of service agreements ..	30	38	439	--	--	477
Aggregate translation adjustment	--	--	--	(6)	--	(6)
Balance at December 31, 1998	17,508	$ 21,885	$ 96,839	$ (4,690)	$ 31,338	$ 145,372

</TABLE>

The accompanying notes are an integral part of the consolidated financial statements.

DANIEL INDUSTRIES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(IN THOUSANDS)

<TABLE>
<CAPTION>

	Year Ended December 31, 1998	Year Ended December 31, 1997	Three Months Ended December 31, 1996	Year Ended September 30, 1996
<S>	<C>	<C>	<C>	<C>
Cash flows from operating activities:				
Net income (loss)	$ 15,237	$ 10,574	$ (17,944)	$ 12,677
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Non-cash portion of restructuring and				

other charges	--	--	8,051	--
Depreciation and amortization	10,660	9,701	3,042	9,511
Deferred income taxes	(715)	1,892	(560)	3,112
Adjustment to conform year ends	--	--	--	26
Changes in operating assets and liabilities:				
Receivables	(2,574)	(10,320)	5,149	2,124
Inventories	1,751	(2,132)	1,998	(4,215)
Costs and estimated profits in excess of billings on uncompleted contracts	645	(2,694)	(539)	(2,191)
Accounts payable and accrued liabilities	(1,134)	(4,247)	5,081	(6,711)
Other assets/liabilities, net	1,782	6,136	(1,867)	(1,490)
Net cash provided by operating activities	25,652	8,910	2,411	12,843
Cash flows from investing activities:				
Capital expenditures	(12,247)	(11,656)	(3,107)	(6,910)
Acquisitions and related costs, net of cash acquired	(879)	--	--	(32,528)
Proceeds from sales of assets, including disposals of non-core assets	1,210	9,258	1,116	15,949
Net cash used in investing activities	(11,916)	(2,398)	(1,991)	(23,489)
Cash flows from financing activities:				
Net borrowings (payments) on lines of credit	(3,373)	(14,860)	931	(10,977)
Payments on long-term debt	(16,955)	(28,666)	(4,504)	(6,458)
Borrowings of long-term debt	7,395	40,000	--	34,233
Cash dividends paid	(3,140)	(3,089)	(546)	(2,181)
Activity under stock option plans	2,379	2,400	25	44
Net cash provided by (used in) financing activities	(13,694)	(4,215)	(4,094)	14,661
Effect of exchange rate changes on cash and cash equivalents	(99)	(157)	688	(302)
Increase (decrease) in cash and cash equivalents	(57)	2,140	(2,986)	3,713
Cash and cash equivalents, beginning of period	7,563	5,423	8,409	4,696
Cash and cash equivalents, end of period	$ 7,506	$ 7,563	$ 5,423	$ 8,409

</TABLE>

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of business

Daniel is engaged in providing products and services used primarily by transporters, refiners and processors of oil and natural gas. Daniel manufactures a variety of measurement devices including orifice, turbine and ultrasonic meters and a wide range of electronic instruments used in conjunction with flow measurement products. Daniel also designs, fabricates and assembles automated flow measurement systems to meet specific needs and applications. Daniel manufactures and sells valves, primarily for pipeline use, and also valve actuators and control systems, which are used to remotely and automatically open and close quarter-turn and linear valves for any industry that uses pipes to transport liquids and gases in supply, manufacture or distribution operations.

Principles of consolidation

The accompanying consolidated financial statements include the accounts of Daniel Industries, Inc. and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Change in fiscal year end

On December 12, 1996, the Company changed its fiscal year end from a twelve month period ending September 30 to a twelve month period ending December 31. The consolidated statements of operations and cash flows are presented for the years ended December 31, 1998 and 1997, the three months ended December 31, 1996, and the year ended September 30, 1996.

Pooling of interests

On December 12, 1996, Daniel issued 4,920,392 shares of its Common Stock in exchange for all the outstanding common stock of Bettis Corporation ("Bettis"). The merger has been accounted for as a pooling of interests, and accordingly the Company's financial statements have been restated to include the operations of Bettis for all periods presented. Bettis' results for the quarter ended December 31, 1996 are included in the year ended September 30, 1996. For the quarter ended December 31, 1995, Bettis had net income of $635,000 and cash flow of $26,000. These amounts have been deducted from the opening balance of retained earnings at September 30, 1996 in the consolidated statement of stockholders' equity and added to the consolidated statement of cash flows for the year ended September 30, 1996, respectively.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts. These estimates are based on information available as of the date of the financial statements. Actual results could differ from these estimates.

Foreign currency translation

Amounts in foreign currencies are translated into U.S. dollars using the translation procedures specified in Statement of Financial Accounting Standards ("SFAS") No. 52, "Foreign Currency Translation." When local functional currency is translated to U.S. dollars, the effects are recorded in the Accumulated Other Comprehensive Loss section of stockholder's equity. If foreign subsidiaries' undistributed earnings are intended to be permanently reinvested in foreign operations, no deferred taxes are provided on the related translation adjustment. Net foreign currency transaction gains or losses are not material in any of the periods presented.

Fair value of financial instruments

The carrying amounts of cash and cash equivalents, trade receivables and payables approximate fair values because of the short maturity of those instruments. The carrying value of the Company's long-term debt is considered to approximate the fair value of those instruments based on the borrowing rates currently available to the Company for loans with similar terms and maturities.

At November 1997, the Company entered into an interest rate swap to fix the rate of interest on its term loan (see Note 11). At December 31, 1998 and 1997 the carrying value of the interest rate swap was zero. The fair value of the interest rate swap, based on market quotes to terminate the agreement, was $(610,000) and $(70,000) at December 31, 1998 and 1997, respectively.

Cash and cash equivalents

Daniel considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. In accordance with SFAS No. 95 "Statement of Cash Flows," cash flows from the Company's operations in foreign countries are based on their functional currency. As a result, amounts related to assets and liabilities reported on the Consolidated Statement of Cash Flows will not necessarily agree with changes in the corresponding balances on the Consolidated Balance Sheet.

Accounts receivable

A substantial portion of Daniel's trade receivables is from customers in the petroleum industry. The Company provides allowances for potential credit losses when necessary. However, management considers such credit risk to be limited.

Inventories

Inventories consisting of raw materials, work in progress and finished goods are stated at the lower of cost or market. Cost is determined by the last-in, first-out ("LIFO"), the first-in, first-out ("FIFO"), average cost, or standard cost methods. The standard cost method approximates the FIFO method.

Property, plant and equipment

Property, plant and equipment is recorded at cost and depreciated over the estimated useful lives of the various classes of assets using the straight-line method. Maintenance and repairs are charged to expense. Renewals and betterments are capitalized. On retirement or sale of assets, the cost of such assets and accumulated depreciation are removed from the accounts and the gain or loss, if any, is credited or charged to income.

Impairment of long-lived assets

Daniel accounts for the impairment of long-lived assets in accordance with SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." SFAS No. 121 prescribes that an impairment loss is recognized in the event facts and circumstances indicate that the carrying amount of an asset may not be recoverable, and an estimate of future undiscounted cash flows is less than the carrying amount of the asset. Impairment is recorded based on a determination of fair market value as compared to carrying value.

Intangible assets

Goodwill, representing the excess cost of purchased subsidiaries over the fair value of net assets acquired, and other intangible assets are amortized using the straight-line method over 20 to 40 years.

Revenue recognition

Sales and the cost of goods sold of major contracts are recorded using the percentage-of-completion method, based on the ratio of costs incurred to date to total estimated costs on each contract. Losses, if any, to be incurred on contracts in progress are charged to income in full as soon as they become apparent, and estimated warranty costs are accrued as revenues are recorded. Sales and cost of goods sold of products are recorded when the customer takes title to the products.

Income taxes

The provision for income taxes includes federal, state, and foreign income taxes currently payable and deferred based on currently enacted tax laws. Deferred income taxes are provided for the tax consequences of differences between the financial statement and tax bases of assets and liabilities.

Daniel does not provide for United States income taxes on foreign subsidiaries' undistributed earnings intended to be permanently reinvested in foreign operations.

Stock-based compensation

The Company accounts for employee stock-based compensation using the intrinsic value method prescribed by Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees." In 1997, Daniel adopted the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation." Accordingly, no compensation cost was recorded for stock-based compensation plans in the accompanying financial statements.

Earnings (loss) per share

Basic earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding. Diluted earnings per share is computed similarly, but also gives effect to the impact that convertible securities, such as common stock options, if dilutive, would have on net income and average common shares outstanding if converted.

For the years ended December 31, 1998 and 1997, the three month period ended December 31, 1996 and the year ended September 30, 1996, average shares outstanding were increased for stock options assumed exercised by 255,000, 337,000, 188,000, and 254,000, respectively, to arrive at weighted average shares outstanding for purposes of calculating diluted earnings per share.

Recently issued accounting pronouncements

As of January 1, 1998, Daniel adopted SFAS No. 130, "Reporting Comprehensive Income," which establishes standards of reporting for comprehensive income and its components in a full set of general-purpose financial statements. Adoption of this statement had no impact on the Company's net income or stockholders' equity for the periods presented. SFAS 130 requires unrealized gains or losses on the Company's foreign currency translation adjustments to be included in other comprehensive income, which prior to adoption were reported separately in stockholders' equity.

Daniel adopted SFAS No. 131, "Disclosure about Segments of an Enterprise and Related Information," for the year ended December 31, 1998. This statement requires disclosures about segments an enterprise is engaged in and the different economic environments in which it operates. Disclosures have been provided for all periods presented.

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," is effective for all fiscal quarters of fiscal years beginning after June 15, 1999. Daniel intends to adopt the requirements of this pronouncement in its financial statements for the year ending December 31, 2000. SFAS 133 requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value will be recorded each period in either current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction, and if so, the type of hedge transaction. Due to Daniel's limited use of derivative instruments, management anticipates that adoption of SFAS 133 will not have a significant effect on the Company's results of operations or its financial position.

Reclassifications

Certain reclassifications have been made to the prior year amounts in order to conform to the current year classifications.

NOTE 2 - RESTRUCTURING AND OTHER CHARGES

In the three month period ended December 31, 1996, the Company recorded pretax charges of $16,663,000 relating to restructuring and other charges as follows (in thousands):

Downsizing of a German subsidiary..........................	$ 5,100
Expenses incurred in connection with the Bettis merger......	3,663
Re-organization costs, largely severance....................	3,000
Write-downs of long-lived assets...........................	2,600
Losses arising from the sales of product lines.............	2,300
Total	$16,663

These charges were the result of a strategic evaluation by the Company. The related downsizing of the German subsidiary resulted in charges for asset impairments, inventory valuation adjustments and severance accruals. In 1997, the stock of the German subsidiary was sold with no resulting gain or loss. As of December 31, 1998 significantly all of the severance costs had been paid.

NOTE 3 - DIVESTITURES

In fiscal 1996, the Company sold two non-manufacturing properties in Germany and the operating assets of its positive displacement meter product line for a total gain of $3,267,000.

In the three month period ended December 31, 1996, pretax restructuring and other charges were recorded in the amount of $7,400,000 for the sale of product lines, including the Company's ball valve line, and the downsizing of a German subsidiary of the Company (see Note 2). These non-core assets and a building owned by a subsidiary of Bettis, together with the stock of a German subsidiary, were sold during 1997 with no further recognition of gain or loss.

NOTE 4 - COMBINATION AND ACQUISITIONS

Effective October 31, 1998, Daniel acquired all of the outstanding stock of Metco Services Ltd.. Based in Aberdeen Scotland, Metco is a United Kingdom provider of flow measurement services to the international energy industry. Consideration for the shares approximated $1,176,000 including $880,000 paid in cash and a final payment of $296,000 contingent on Metco's post closing performance. This acquisition was accounted for by the purchase method, and accordingly, the purchase price was allocated to the net assets acquired based on their fair market value. The operations related to this acquisition are not material to Daniel's results of operations.

On December 12, 1996, Daniel issued 4,920,392 shares of its Common Stock in exchange for all of the outstanding common stock of Bettis. The merger has been accounted for as a pooling of interests, and accordingly, the Company's financial statements have been restated to include the operations of Bettis for all periods presented. Merger costs of approximately $3,700,000 were charged to expense during the three month period ended December 31, 1996. Daniel and Bettis had no significant intercompany transactions prior to the merger.

In May 1996, Daniel acquired all the outstanding stock of Spectra-Tek International Limited ("Spectra-Tek"), a supplier of data acquisition monitoring and control systems for worldwide industrial markets. Spectra-Tek also participates in the design, manufacture and project management phases of these systems. The aggregate cash consideration paid for the shares approximated $10,900,000, financed by bank borrowings. This acquisition was accounted for by the purchase method, and accordingly, the purchase price was allocated to the net assets acquired based on their fair market value. The purchase price exceeded the estimated fair market value by approximately $7,422,000, which was accounted for as goodwill and is being amortized over 20 years using the straight-line method. The operations related to this acquisition are not material to Daniel's results of operations.

In February 1996, Daniel acquired all the outstanding stock of a valve manufacturer and refurbisher. The cost of the acquisition, paid in cash, was $2,733,000. The operations related to this acquisition, also accounted for by the purchase method, are not material to Daniel's results of operations.

Bettis acquired all of the outstanding stock of the following businesses in 1996: Shafer Valve Company, a manufacturer of gas hydraulic rotary vane actuators and hydraulic power units, for $13,200,000 cash; Prime Actuator Control Systems, a manufacturer of hydraulic and pneumatic scotch actuators, for $4,000,000 cash; and Dantorque A/S, a manufacturer of helical spline hydraulic double action and spring return actuators, for $3,000,000 cash. These acquisitions were accounted for by the purchase method and, accordingly, the purchase price was allocated to the net assets acquired based on their fair market value. Any excess of the purchase price over the fair market value was accounted for as goodwill and is being amortized over a 20 year period. The operations related to these acquisitions are not material to Daniel's results of operations.

NOTE 5 - CONTRACTS IN PROGRESS

Information with respect to contracts in progress accounted for under the percentage-of-completion method is as follows:

<TABLE>
<CAPTION>

	December 31, 1998	December 31, 1997
	(in thousands)	
<S>	<C>	<C>
Costs and estimated earnings on uncompleted contracts	$ 23,125	$ 13,892
Less progress billings	17,406	7,527
Total contracts in progress	$ 5,719	$ 6,365
Presented in accompanying financial statements as:		
Costs and estimated earnings in excess of billings on uncompleted contracts	$ 6,313	$ 6,635
Billings in excess of costs and estimated earnings on uncompleted contracts (included in accrued liabilities)	(594)	(270)
Total contracts in progress	$ 5,719	$ 6,365

</TABLE>

NOTE 6 - INVENTORIES

Information with respect to inventories is as follows:

<TABLE>
<CAPTION>

	December 31, 1998	December 31, 1997
	(in thousands)	
<S>	<C>	<C>
Inventories by valuation method are as follows:		
Last-in, first-out (LIFO)	$ 21,800	$ 24,225
First-in, first-out (FIFO)	20,008	20,092
Average cost	6,097	5,371
Total inventories	$ 47,905	$ 49,688
Major components of inventories include:		
Raw materials	$ 25,867	$ 24,330

Work in process	10,595	13,329
Finished goods	18,753	19,097
Inventories before LIFO reserve	55,215	56,756
Less LIFO reserve	7,310	7,068
Total inventories	$ 47,905	$ 49,688

</TABLE>

NOTE 7 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment and related accumulated depreciation are summarized as follows:

<TABLE>
<CAPTION>

<S>	December 31, 1998 <C>	December 31, 1997 <C>	Estimated Useful Life in Years
	(in thousands)		
Land	$ 4,694	$ 4,649	
Buildings and improvements	48,875	46,215	10 - 45
Machinery and equipment	74,892	70,921	3 - 12
Office furniture and equipment	14,536	7,977	3 - 10
Automotive equipment	2,478	2,293	3 - 4
Other	1,331	5,297	5 - 20
Total property, plant and equipment	146,806	137,352	
Less accumulated depreciation	81,214	74,362	
Property, plant and equipment, net	$ 65,592	$ 62,990	

</TABLE>

NOTE 8 - INTANGIBLES AND OTHER ASSETS

Intangibles and other assets are summarized as follows:

<TABLE>
<CAPTION>

<S>	December 31, 1998 <C>	December 31, 1997 <C>
	(in thousands)	
Goodwill, net of accumulated amortization of $3,200 and $2,300	$ 20,359	$ 19,515
Notes receivable	6,448	6,448
Miscellaneous	9,420	9,537
Total intangibles and other assets	$ 36,227	$ 35,500

</TABLE>

NOTE 9 - ACCRUED LIABILITIES

Accrued liabilities are summarized as follows:

<TABLE>
<CAPTION>

<S>	December 31, 1998 <C>	December 31, 1997 <C>
	(in thousands)	
Other accrued liabilities	$ 13,412	$ 12,522
Accrued salaries and wages	4,568	4,273
Accrued commissions	3,604	2,069
Accrued income taxes	3,322	205
Accrued taxes other than income	2,646	2,318
Total accrued liabilities	$ 27,552	$ 21,387

</TABLE>

NOTE 10 - INCOME TAXES

Income tax expense (benefit) is as follows:

	Year Ended December 31, 1998	Year Ended December 31, 1997	Three Months Ended December 31, 1996	Year Ended September 30, 1996
	(in thousands)			
Federal:				
Current	$ 4,303	$ 3,627	$ (841)	$ 2,940
Deferred	939	2,555	(2,241)	1,920
Foreign:				
Current	4,604	1,217	(179)	1,856
Deferred	(1,135)	(203)	1,429	1,155
State and local	334	(294)	332	330
Income tax expense (benefit)	$ 9,045	$ 6,902	$ (1,500)	$ 8,201

The components of income (loss) before income taxes are:

	Year Ended December 31, 1998	Year Ended December 31, 1997	Three Months Ended December 31, 1996	Year Ended September 30, 1996
	(in thousands)			
United States	$ 15,767	$ 16,656	$ (11,660)	$ 18,046
Foreign	8,515	820	(7,784)	2,832
Income (loss) before income taxes	$ 24,282	$ 17,476	$ (19,444)	$ 20,878

The cumulative undistributed earnings of foreign subsidiaries, on which United States taxes have not been provided, were approximately $23,600,000 at December 31, 1998. The United States income tax effect associated with the repatriation of these earnings may be offset by foreign tax credits.

Components of the difference between the income tax expense (benefit) computed at the United States statutory income tax rate and the income tax expense (benefit) are as follows:

	Year Ended December 31, 1998	Year Ended December 31, 1997	Three Months Ended December 31, 1996	Year Ended September 30, 1996
	(in thousands)			
Tax expense (benefit) of income (loss) at 34%	$ 8,256	$ 5,941	$ (6,611)	$ 7,099
Foreign Sales Corporation provisions	(473)	(513)	(104)	(492)
Adjustment of prior years' taxes	--	--	--	(400)
State income taxes	221	(193)	219	218
Non-deductible expenses	222	280	60	99
Loss of foreign subsidiary with no tax benefit	248	349	3,562	806
Foreign tax rates and other effects of foreign operations	368	651	64	1,124
Goodwill amortization/charge off	79	79	70	--
Bettis merger expenses	--	--	1,164	--
Other, net	124	308	76	(253)
Income tax expense (benefit)	$ 9,045	$ 6,902	$ (1,500)	$ 8,201

Effective tax expense (benefit) rate ...	37.3%	39.5%	(7.7%)	39.3%

</TABLE>

Deferred tax assets (liabilities) are as follows:

<TABLE>
<CAPTION>

	December 31, 1998	December 31, 1997
	(in thousands)	
<S>	<C>	<C>
Gross deferred tax assets:		
Capital loss carryforward from sale of subsidiary ..	$ 5,067	$ 5,067
Write-off of notes receivable related to sale of subsidiary	1,054	1,054
Restructuring and other charges and loss on divestitures	2,289	2,200
Operating loss carryforward from subsidiary	336	284
Excess tax over book basis of inventories	2,843	3,121
Inventory reserves	721	704
Other	4,420	4,002
Total gross deferred tax assets	16,730	16,432
Gross deferred tax liabilities:		
Excess book over tax basis of property and equipment	(9,153)	(9,489)
Other	(1,514)	(1,647)
Total gross deferred tax liabilities	(10,667)	(11,136)
Deferred tax asset valuation allowance	(7,222)	(7,170)
Net deferred tax assets (liabilities)	$ (1,159)	$ (1,874)

</TABLE>

At December 31, 1998 and 1997, the valuation allowance related primarily to losses and write-offs resulting from the sale of a Germany subsidiary which are not expected to be realized.

Payments for income taxes for the years ended December 31, 1998 and 1997, the three month period ended December 31, 1996 and the year ended September 30, 1996 were $6,348,000, $3,426,000, $1,319,000, and $3,408,000, respectively.

NOTE 11 - DEBT

Long-term debt includes the following:

<TABLE>
<CAPTION>

	December 31, 1998	December 31, 1997
	(in thousands)	
<S>	<C>	<C>
Term loan from banks (unsecured) 6.52%; interest payable monthly; principal payable in quarterly installments of $1,071 through April 30, 2004	$ 24,643	$ 28,929
Revolving credit facility (unsecured); 6.10% at December 31, 1998; interest payable monthly; maturing April 30, 2000	8,000	10,000
Term loan from bank (secured); interest at Canadian prime rate (6.75% at December 31, 1998 and 6.00% at December 31, 1997); principal and interest payable monthly; payable through August 31, 2001	898	1,311
Payable to four insurance companies (unsecured); 11.5%; principal payable in annual installments of $2,857; interest payable semi-annually	--	2,857
Miscellaneous obligations	1,854	1,788
Total obligations	35,395	44,885
Less portion due within one year	4,756	7,602
Long-term debt	$ 30,639	$ 37,283

</TABLE>

In November 1997, Daniel entered into a credit agreement with a group of four banks, which provided for a $30,000,000 term loan and a $40,000,000 revolving credit facility. The proceeds of the term loan were used to refinance the 8,400,000 (approximately $13,000,000) note originally utilized in the acquisition of Spectra-Tek in May 1996, as well as Bettis' term loan and a portion of Bettis' revolving loan. Borrowings of $7,000,000 under the revolving credit facility were used to refinance the balance of Bettis' revolving loan.

Interest rates on the term loan and on the revolving credit facility are, at Daniel's option, LIBOR plus a margin ranging from 0.5% to 1.0%, depending upon Daniel's ratio of funded debt to earnings before interest, taxes, depreciation and amortization, or a base rate which approximates the prime rate. The margin is adjusted no later than 60 days after the end of each quarter and 95 days after the end of each fiscal year. By entering into a swap agreement, Daniel effectively fixed the rate of interest for the life of the term loan at 6.02% plus the margin described above.

Daniel also pays a quarterly commitment fee of 3/16% per annum on the unused portion of the revolving credit facility plus a fee of 5/8% for letters of credit. The loans under the credit agreement are unsecured with a negative pledge on Daniel's assets and are guaranteed by Daniel's domestic material

subsidiaries. The credit agreement contains financial covenants relating to, among other things, maximum capital expenditures, minimum tangible net worth, a minimum funded debt to earnings before interest, taxes, depreciation and amortization ratio and a minimum debt service coverage ratio. The credit agreement also contains covenants restricting, among other things, fundamental corporate changes, creation of liens, further indebtedness, sales of assets, redemptions of capital stock and certain investments.

In December 1988, four insurance companies purchased an aggregate of $20,000,000 of Daniel's unsecured 11.5% senior notes due 1998. The final installment of $2,857,000 was paid in December 1998.

Payments for interest for the years ended December 31, 1998 and 1997, the three month period ended December 31, 1996 and the year ended September 30, 1996 were $3,415,000, $3,980,000, $1,447,000 and $3,279,000, respectively. The average short-term interest rate in 1998 and 1997 was 6.73% and 6.81%, respectively.

At December 31, 1998, long-term debt matures as follows:

<TABLE>
<CAPTION>

Year Ending December 31,	Amount (in thousands)
1999	$ 4,756
2000	12,757
2001	4,675
2002	4,430
2003	4,405
Thereafter	4,372

</TABLE>

At December 31, 1998, Daniel had various committed and uncommitted short-term lines of credit aggregating approximately $39,000,000. These lines of credit are available for short-term borrowings or issuance of letters of credit. At December 31, 1998 and December 31, 1997, borrowings under these lines were $5,900,000 and $8,000,000, respectively.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Daniel is involved in various legal proceedings and claims arising in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or future results of operations of Daniel. Additionally, in the ordinary course of business, Daniel has issued standby letters of credit and bank guarantees as security for advances, progress payments and performance on long-term contracts. As a result, Daniel was contingently liable in the amount of approximately $4,929,000 at December 31, 1998.

NOTE 13 - STOCK OPTIONS, STOCK AWARDS, PROFIT SHARING AND SAVINGS PLAN AND POSTRETIREMENT BENEFITS

Employee stock option plans

Daniel maintains four stock option plans for employees: the 1997 plan, the 1994 plan, which was converted from the Bettis stock option plan, the 1981 plan, and the 1977 plan. Under the 1997, 1994 and 1981 plans, the exercise price of an option may not be less than the fair market value of Daniel's common stock on the date of grant. Under the 1997, 1981 and 1977 plans, options that have been granted are generally for a ten- year term and are exercisable either from the date of grant, in total, or in one-third or in one-fifth annual increments beginning at the end of the first year of the term. Under the 1994 plan, options granted are also for a ten-year term, but are exercisable in one-fifth increments, the first increment occurring six months from the date of grant and the other increments occurring on each of the first four anniversaries of the date of grant. There was an aggregate of 22,548 shares available for grant under the 1997 and 1977 plans as of December 31, 1998. Options were exercisable at December 31, 1998 for up to 1,038,341 shares ranging in price from $5.18 to $18.50 per share.

A summary of stock option activity related to the plans is as follows:

<TABLE>
<CAPTION>

<S>	Shares <C>	Weighted Average Exercise Price <C>
Options outstanding, September 30, 1995	1,071,914	$12.45
Cancelled............................	(14,604)	12.66
Exercised............................	(5,163)	7.90
Granted..............................	228,540	10.30
Options outstanding, September 30, 1996	1,280,687	12.09
Cancelled............................	(6,250)	12.42
Exercised............................	(3,500)	7.00
Granted..............................	15,200	13.13
Options outstanding, December 31, 1996	1,286,137	12.12
Cancelled............................	(172,203)	14.62
Exercised............................	(149,492)	13.59
Granted..............................	1,024,600	14.52
Options outstanding, December 31, 1997	1,989,042	13.02
Cancelled............................	(35,667)	11.97
Exercised............................	(143,677)	13.06
Granted..............................	127,000	18.89
Options outstanding, December 31, 1998	1,936,698	13.40
Exercisable, December 31, 1998	1,038,341	12.29

</TABLE>

The number of shares with respect to which options were exercisable and the corresponding weighted average exercise prices per share at December 31, 1997, and 1996, and September 30, 1996, were 613,836 and $11.35, 656,645 and $12.51, and 629,119 and $12.86, respectively. The weighted average fair values of options granted during the years ended December 31, 1998 and 1997, the three month period ended December 31, 1996, and the year ended September 30, 1996 were $7.45, $5.08, $4.73, and $3.85, respectively.

The following table summarizes information about employee stock options outstanding at December 31, 1998:

<TABLE>
<CAPTION>

Range of Exercise Prices <S>	Shares Outstanding at 12/31/98 <C>	Weighted Average Remaining Contractual Life (years) <C>	Weighted Average Exercise Price <C>	Shares Exercisable at 12/31/98 <C>	Weighted Average Exercise Price <C>
$5.18 - $10.00	377,348	6.3	$ 7.76	312,156	$ 7.41
$11.88 - $16.75	1,405,100	7.7	14.29	700,436	14.24
$17.13 - $21.31	154,250	9.1	19.20	25,749	18.06

	1,936,698	7.5	13.40	1,038,341	12.28
	==========			===========	

</TABLE>

Non-employee director stock option plans and agreements

Daniel maintains, for the benefit of its non-employee directors, a 1997 stock option plan, a 1995 stock option plan, a 1994 stock option plan converted from Bettis' plan for two of its non-employee directors, and a stock option agreement with one non-employee director. Under the agreement, the option is exercisable for six years from the date of grant. Under the 1997 plan, an option for 5,000 shares was granted to each non-employee director on the date the plan was adopted, and another option for 5,000 shares was granted on January 1, 1998 and on January 1, 1999 (and will be granted, subject to availability of shares under the plan, on the first day of each subsequent fiscal year) to each non-employee director serving on that date, such options to be immediately exercisable and have a ten-year term. Under the 1995 plan, options are granted for a ten-year term, and each non-employee director received an option for the purchase of 15,000 shares of Common Stock, which option is exercisable in one-third annual increments beginning at the end of the first year of the term. There was an aggregate of 80,000 shares available for grant under the 1997 and 1995 plans at December 31, 1998. Options were exercisable at December 31, 1998 for up to 167,400 shares ranging in price from $5.39 to $18.78 per share.

A summary of stock option activity related to the plans is as follows:

<TABLE>
<CAPTION>

	Shares	Weighted Average Exercise Price
<S>	<C>	<C>
Options outstanding, September 30, 1995	27,400	$ 8.74
Granted..............................	143,700	13.62

Options outstanding, September 30, 1996	171,100	12.84
Cancelled............................	(15,000)	13.88
Granted..............................	30,000	13.50

Options outstanding, December 31, 1996	186,100	12.86
Exercised............................	(8,700)	8.19
Granted..............................	35,000	14.19

Options outstanding December 31, 1997	212,400	13.27
Cancelled............................	(15,000)	13.88
Exercised............................	(15,000)	13.88
Granted..............................	50,000	18.13

Options outstanding December 31, 1998	232,400	14.24
	========	
Exercisable, December 31, 1998	167,400	14.16
	========	

</TABLE>

The number of shares with respect to which options were exercisable and the corresponding weighted average exercise prices per share at December 31, 1997, and 1996 and September 30, 1996 were 77,400 and $12.18, 36,100 and $8.97, and 18,700 and $9.53, respectively. The weighted average fair values of options granted during the years ended December 31, 1998 and 1997, the three month period ended December 31, 1996, and the year ended September 30, 1996 were $7.15, $4.96, $4.86, and $5.09, respectively.

The following table summarizes information about stock options outstanding at December 31, 1998:

<TABLE>
<CAPTION>

Range of Exercise Prices	Shares Outstanding at 12/31/98	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Shares Exercisable at 12/31/98	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>
$5.39 - $11.00	27,400	4.6	$ 9.22	27,400	$ 9.22
$12.75 - $18.78	205,000	7.9	14.91	140,000	15.13
	-------			-------	
	232,400	6.2	14.24	167,400	14.16
	=======			=======	

</TABLE>

Proforma Reporting under SFAS No. 123

In October 1995, the Financial Accounting Standards Board issued SFAS No. 123, which established financial accounting and reporting standards for stock-based employee compensation plans. SFAS No. 123 encourages companies to adopt a fair value based method of accounting for such plans, but continues to allow use of the intrinsic value method prescribed by APB 25. Daniel has elected to continue to account for stock-based compensation in accordance with APB 25. Had the Company elected to recognize compensation cost based on the fair value of the options granted at grant date as prescribed by SFAS No. 123, net income (loss) and earnings (loss) per share would have been reduced to the proforma amounts indicated in the table below:

<TABLE>
<CAPTION>

	Net Income (Loss) (in thousands)	Net Income (Loss) Per Share Basic	Net Income (Loss) Per Share Diluted
<S>	<C>	<C>	<C>
Year Ended December 31, 1998			
As reported............................	$ 15,237	$ .87	$ .86
Proforma...............................	$ 13,279	$ .76	$ .75
Year Ended December 31, 1997			
As reported............................	$ 10,574	$ .62	$ .61
Proforma...............................	$ 9,548	$ .56	$ .55
Three Months Ended December 31, 1996			
As reported............................	$(17,944)	$(1.05)	$(1.05)
Proforma...............................	$(18,035)	$(1.06)	$(1.06)
Year Ended September 30, 1996			
As reported............................	$ 12,677	$ .74	$ .73
Proforma...............................	$ 12,501	$ .73	$ .72

</TABLE>

The fair value of each option grant is estimated on the date of the grant using the Black-Scholes model adjusted for the dilutive impact which the conversion of the options will have on the Company's stock price, with the following assumptions:

<TABLE>
<CAPTION>

	Year Ended December 31, 1998	Year Ended December 31, 1997	Three Months Ended December 31, 1996	Year Ended September 30, 1996
<S>	<C>	<C>	<C>	<C>
Expected stock price volatility........	33.69%	34.94%	35.46%	35.98%
Risk-free interest rate................	4.8%	5.8%	6.3%	6.7%
Expected life of options...............	7.0 years	7.6 years	7.6 years	7.6 years
Expected dividend yield................	1.1%	1.1%	1.3%	1.3%

</TABLE>

The Black-Scholes option valuation model and other existing models were developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of and are highly sensitive to subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not provide a reliable single measure of the fair value of its employee stock options. Additionally, the proforma disclosures are not necessarily representative of the effects on reported income and earnings per share for future years because the stock options generally vest over three to five years and additional options may be granted in future years.

Stock award plan

In 1996, Daniel's stockholders approved the adoption of a stock award plan that made 100,000 shares of Common Stock available for issuance as a part of the incentive compensation paid to executive and operating officers. During 1998, there were no awards granted and 1,038 shares were forfeited and became available for future grants, leaving 9,416 shares available for issuance at December 31, 1998. The stock awards generally vest in one-third annual increments beginning one year after the award.

Profit sharing and savings plan

Daniel and its domestic subsidiaries offer defined contribution plans in which substantially all employees of adopting companies are eligible to participate. Annual contributions to the profit sharing portion of the Daniel Industries, Inc. Employees' Profit Sharing and Savings Plan (the "Plan") are discretionary and determined by Daniel's Board of Directors. Contributions to the savings portion of the Plan and to the plans of the Company's subsidiaries were made in amounts as required by the plans. Daniel's contributions to the profit sharing and savings plans, which are expensed as incurred, were approximately $1,900,000, $1,800,000, $481,000, and $1,040,000 for the years ended December 31, 1998 and 1997, the three month period ended December 31, 1996 and the year ended September 30, 1996, respectively. Effective January 1, 1998, the plans maintained by Daniel's domestic subsidiaries were merged into the Plan.

Postretirement benefits

Daniel provides certain health insurance benefits to certain of Bettis' retired employees and their eligible dependents at no cost to the retiree and at a nominal cost for the eligible dependent.

The postretirement health insurance benefits costs and the related liabilities are not material for any period presented.

NOTE 14 - PREFERRED STOCK

On May 31, 1990, the Board of Directors declared a dividend of one Preferred Share Purchase Right (the "Right") for each outstanding share of common stock. Under certain conditions, each Right may be exercised to purchase one one-hundredth share of a new series of junior participating preferred stock at an exercise price of $60, subject to adjustment. The Rights may only be exercised 10 days following a public announcement that a third party has acquired 20% or more of the outstanding common shares of Daniel or 10 days following the commencement of, or announcement of an intention to make, a tender offer or exchange offer, the consummation of which would result in the beneficial ownership by a third party of 20% or more of the common shares. The Rights, which do not have voting rights, expire May 31, 2000, and, at Daniel's option, may be redeemed by Daniel prior to expiration for $.01 per Right. In the event that Daniel is acquired in a merger or other business combination, or 50% or more of its consolidated assets or earning power are sold, provision shall be made so that each holder of a Right shall have the right to receive, upon exercise thereof at the then current exercise price, that number of shares of common stock of the surviving company which at the time of such transaction would have a market value of two times the exercise price of the Right.

NOTE 15 - QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following is a summary of quarterly financial data for the years ended December 31, 1998 and 1997:

<TABLE>
<CAPTION>

	Revenues	Gross Profit	Net Income	Basic Earnings Per Share	Diluted Earnings Per Share
	(in thousands, except per share data)				
<S>	<C>	<C>	<C>	<C>	<C>
Fiscal 1998 Quarter Ended:					
March 31, 1998.................	$67,210	$25,657	$3,742	$ .22	$ .21
June 30, 1998..................	77,300	28,657	4,393	.25	.25
September 30, 1998.............	70,886	27,806	4,201	.24	.24
December 31, 1998..............	67,763	26,392	2,901	.16	.16
Fiscal 1997 Quarter Ended:					
March 31, 1997.................	$58,907	$20,796	$ 684	$ .04	$ .04
June 30, 1997..................	67,229	24,333	2,511	.15	.15
September 30, 1997.............	71,334	26,646	3,600	.21	.21
December 31, 1997..............	71,391	27,019	3,779	.22	.21

</TABLE>

NOTE 16 - INDUSTRY SEGMENTS

In 1998, Daniel adopted SFAS 131, "Disclosure about Segments of an Enterprise and Related Information." The prior years' segment information has been restated to conform to the current year presentation.

Daniel's reportable segments consist of the primary products and services provided by the Company. These products and services include measurement and control products and systems, valve actuators and valves. The measurement and control products and systems segment includes products which employ a method known as pressure differential orifice measurement to measure fluids. This segment also includes electronic instruments used in conjunction with the flow measurement products, as well as flow measurement systems. The valve actuator segment includes valve actuators and controls used to remotely and automatically open or close quarter-turn or linear valves. The valve segment includes gate valves and the repair of pipeline valves.

The Company's customers in each reportable segment consist primarily of major or independent oil and gas companies, foreign national oil companies, pipeline companies and others in the petroleum industry. No single customer account for more than 10% of Daniel's total revenues in the years ended December 31, 1998 and December 31, 1997, the three months ended December 31, 1996 or the year ended September 30, 1996.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies (see Note 1). There are no material intersegment revenues. Daniel evaluates the performance of its segments based on revenues and operating profit. Identifiable assets are those tangible and intangible assets that are identified with the operation of the industry segment or geographic area.

INFORMATION ON INDUSTRY SEGMENTS
(in thousands)

<TABLE>
<CAPTION>

Year Ended December 31, 1998	Revenues	Operating Income (Loss)	Identifiable Assets	Capital Expendi- tures	Depreciation and Amortization
<S>	<C>	<C>	<C>	<C>	<C>
Segments:					
Measurement and control........	$135,828	$12,178	$118,610	$ 3,858	$ 4,723
Valve actuators................	102,122	16,189	72,828	5,275	4,258
Valves.........................	45,209	7,964	23,990	1,953	1,020
Subtotal...................	283,159	36,331	215,428	11,086	10,001
Corporate......................		(9,247)	20,996	1,161	659
Other income and expense..........		698			
Interest expense..................		(3,500)			
Total......................	$283,159	$24,282	$236,424	$12,247	$10,660
Year Ended December 31, 1997					
Segments:					
Measurement and control........	$141,281	$14,372	$114,448	$ 3,520	$4,256
Valve actuators................	94,502	12,620	72,635	3,687	4,172
Valves.........................	33,078	2,773	27,918	943	1,006
Subtotal...................	268,861	29,765	215,001	8,150	9,434
Corporate......................		(9,318)	18,953	3,506	267
Other income and expense..........		1,339			
Interest expense..................		(4,310)			
Total......................	$268,861	$17,476	$233,954	$11,656	$9,701
Three Months Ended December 31, 1996					
Segments:					
Measurement and control........	$ 27,205	$ (97)	$107,508	$1,511	$1,582
Valve actuators................	20,154	401	73,258	449	1,126
Valves.........................	6,405	(125)	32,645	149	273
Subtotal...................	53,764	(179)	213,411	2,109	2,981
Corporate......................		(1,808)	20,164	998	61
Other income and expense..........		(16,660)(a)			
Interest expense..................		(1,155)			
Total......................	$ 53,764	$(19,444)	$233,575	$3,107	$3,042
Year Ended September 30, 1996					
Segments:					
Measurement and control........	$119,236	$12,756	$114,449	$3,749	$5,313
Valve actuators................	66,849	6,913	78,197	1,883	2,934

Valves	42,711	6,924	34,803	1,086	1,058
Non-core businesses	4,815	127	75		4
Subtotal	233,611	26,720	227,524	6,718	9,309
Corporate		(5,744)	21,245	192	202
Other income and expense		3,447 (b)			
Interest expense		(3,545)			
Total	$233,611	$20,878	$248,769	$6,910	$9,511

</TABLE>

(a) Includes restructuring and other charges and losses on divestitures of non-core assets. (See Notes 2 and 3)

(b) Includes gain from divestiture of non-core assets. (See Note 3)

INFORMATION ON GEOGRAPHIC OPERATIONS
(in thousands)

<TABLE>
<CAPTION>

<S>	December 31, 1998 <C>	December 31, 1997 <C>	December 31, 1996 <C>	September 30, 1996 <C>
Revenues for period ended -				
United States	$175,976	$179,104	$ 36,749	$163,764
United Kingdom	53,742	45,771	7,743	35,830
Canada	42,659	31,412	6,494	23,432
Other	10,782	12,574	2,778	10,585
Consolidated	$283,159	$268,861	$ 53,764	$233,611
Identifiable Assets as of -				
United States	$140,551	$142,022	$140,832	$151,591
United Kingdom	63,871	57,073	49,940	51,494
Canada	20,599	20,817	18,003	16,954
Other	11,403	14,042	24,800	28,730
Consolidated	$236,424	$233,954	$233,575	$248,769

</TABLE>

Revenues are attributed to countries based on the location of the selling entity. The United Kingdom, however, includes immaterial amounts from the Company's Singapore operation.

INDEX TO EXHIBITS

<TABLE>
<CAPTION>

<S>	EXHIBIT No.	Description <C>
	2.1	Plan and Agreement of Merger dated as of January 22, 1988, by and between Daniel Industries, Inc., a Texas corporation ("Daniel Texas"), and Daniel Industries, Inc., a Delaware corporation ("Daniel" or the "Company"), filed as Exhibit 2.1 to Daniel's Registration of Securities of Certain Successor Issuers on Form 8-B dated May 5, 1988 and incorporated by reference here.
	2.2	Agreement and Plan of Merger dated September 17, 1996 by and among Daniel, Blue Acquisition, Inc., and Bettis Corporation, filed as Exhibit 2.1 to Daniel's Registration Statement on Form S-4 (Reg. No. 333-14635) and incorporated by reference here.
	3.1	Certificate of Incorporation of Daniel, filed as Exhibit 3.1 to Daniel's Registration of Securities of Certain Successor Issuers on Form 8-B dated May 5,

	1988 and incorporated by reference here.
3.2	By-laws of Daniel, as amended through June 1, 1997, filed as Exhibit 3.1 to Daniel's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997 and incorporated by reference here.
3.3	Certificate of Designation, Powers, Preferences and Rights of Series A Junior Participating Preferred Stock filed as Exhibit 3.3 to Daniel's Form 8 amending its Annual Report on Form 10-K for the year ended September 30, 1990 and incorporated by reference here.
4.1	Rights Agreement dated as of May 31, 1990, between Daniel and Wachovia Bank and Trust Company, N.A., as Rights Agent, filed as Exhibit 1 to Daniel's Registration of Certain Classes of Securities on Form 8-A filed June 5, 1990 and incorporated by reference here.
10.1	1977 Stock Option Plan, as amended and restated on June 17, 1997, filed as Exhibit 10.1 to Daniel's Annual Report on Form 10-K for the year ended December 31, 1997 and incorporated by reference here.
10.2	1981 Stock Option Plan, as amended and restated on December 31, 1986, filed as Exhibit 19.2 to Daniel Texas's Quarterly Report on Form 10-Q for the quarter ended December 31, 1986 and incorporated by reference here.
10.3	Form of Director's Stock Option Agreement dated October 9, 1986, between Daniel Texas and Brian O'Neill, filed as Exhibit 19.1 to Daniel Texas's Quarterly Report on Form 10-Q for the quarter ended March 31, 1987 and incorporated by reference here.
10.4	Form of Change in Control Agreement dated as of March 15, 1995, between Daniel and each of W. C. Clingman and M. R. Yellin, dated August 30, 1996

</TABLE>

	between Daniel and J. M. Tidwell, dated February 6, 1997, between Daniel and each of W. T. Bratton and W.M. Krenek, filed as Exhibit 10.4 to Daniel's Annual Report on Form 10-K for the year ended September 30, 1995 and incorporated by reference here.
10.5	Deferred Compensation Agreement dated March 6, 1996 between Daniel and Ronald C. Lassiter, filed as Exhibit 10.10 to Daniel's Annual Report on Form 10-K for the year ended September 30, 1996 and incorporated by reference here.
10.6	Employment Agreement dated July 30, 1996 between Daniel and James M. Tidwell, filed as Exhibit 10.11 to Daniel's Annual Report on Form 10-K for the year ended September 30, 1996 and incorporated by reference here.
10.7	1995 Non-Employee Directors' Stock Option Plan, as amended and restated on December 12, 1996, filed as Exhibit 10.1 to Daniel's Quarterly Report on Form 10-Q for the transition period ended December 31, 1996 and incorporated by reference here.
10.8	Stock Award Plan dated as of December 8, 1995, filed as Exhibit 10.11 to Daniel's Quarterly Report on Form 10-Q for the quarter ended March 31, 1996 and incorporated by reference here.
10.9	Daniel Industries, Inc. 1997 Stock Option Plan, filed as Exhibit 10.1 to Daniel's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997 and incorporated by reference here.
10.10	Daniel Industries, Inc. 1997 Non-Employee Director Stock Option Plan, filed as Exhibit 10.2 to Daniel's

Quarterly Report on Form 10-Q for the quarter ended September 30, 1997 and incorporated by reference here.

10.11	Employment Agreement dated June 17, 1997 between Daniel and Thomas A. Newton, Jr., filed as Exhibit 10.3 to Daniel's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997 and incorporated by reference here.
10.12	StockAward Agreement dated June 17, 1997 between Daniel and Thomas A. Newton, Jr., filed as Exhibit 10.4 to Daniel's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997 and incorporated by reference here.
10.13	Change in Control Agreement dated June 17, 1997 between Daniel and Thomas A. Newton, Jr., filed as Exhibit 10.5 to Daniel's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997 and incorporated by reference here.
10.14	Change in Control Agreement dated June 17, 1997 between Daniel and Ronald C. Lassiter, filed as Exhibit 10.6 to Daniel's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997 and incorporated by reference here.
10.15	Form of Change in Control Agreement between the Company and each of Daniel J. Sarik, Katie-Pat Bowman and Michael T. Atkins, filed as Exhibit

10.17 to Daniel's Quarterly Report on Form 10-Q for the quarter ended September 30, 1997 and incorporated by reference here.

10.16	Severance Agreement between Daniel and W.T. Bratton dated February 6, 1996, filed as Exhibit 10.17 to Daniel's Annual Report on Form 10-K for the year ended December 31, 1997 and incorporated by reference here.
10.17	Credit Agreement dated November 19, 1997 between Daniel and Bank One, Texas N.A., Texas Commerce Bank National Association, CIBC Inc., and Credit Lyonnais New York Branch, filed as Exhibit 10.18 to Daniel's Annual Report on Form 10-K for the year ended December 31, 1997 and incorporated by reference here.
10.18	FirstAmendment to Credit Agreement dated June 4, 1998 between Daniel and Bank One, Texas, N.A., Chase Bank of Texas, National Association, CIBC Inc., and Credit Lyonnais New York filed as Exhibit 10.1 to Daniel's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998 and incorporated by reference here.
21	Significant Subsidiaries of Daniel.
23	Consent of PricewaterhouseCoopers LLP
27	Financial data schedule.

Exhibit 21

SIGNIFICANT SUBSIDIARIES OF DANIEL

<TABLE>
<CAPTION>

NAME OF SUBSIDIARY *	JURISDICTION OF INCORPORATION
<S>	<C>
Daniel Measurement and Control, Inc.	Delaware
Daniel Industries Canada Inc.	Canada
Daniel Measurement Services, Inc.	Delaware
Metco Services, Ltd.	United Kingdom
Daniel Industries Foreign Sales Corporation	Virgin Islands
Daniel Valve Company	Delaware
Oilfied Fabricating & Machine, Inc.	Texas
Bettis Corporation	Delaware
Bettis Holdings, Ltd.	United Kingdom
Bettis UK Ltd.	United Kingdom
Prime Actuator Control Systems UK Ltd.	United Kingdom
Bettis Canada Ltd.	Canada
Bettis GmbH	Germany
Bettis France SARL	France
Dantorque A/S	Denmark
Shafer Valve Company	Ohio
Bettis Electric Actuator Corporation	Delaware
Bettis Foreign Sales Corp.	Barbados
Bettis Controls Pvt. Ltd. (50%)	India
Daniel International Ltd.	United Kingdom
Daniel Europe Ltd.	United Kingdom
Spectra-Tek International Ltd.	United Kingdom
Daniel Asia Pacific Ltd.	Singapore
Spectra-Tek Holdings Ltd.	United Kingdom
Spectra-Tek UK Ltd.	United Kingdom
Advanced Spectra-Tek Private Ltd. (40%)	India

</TABLE>

*Ownership at 100% unless otherwise specified.

Exhibit 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 2-65288, No. 2-79399, No. 2-79660, No. 33-000162, No. 33-63063, No. 333-01903, No. 333-01905, No. 333-01907, No. 333-18925, No. 333-54007 and No. 333-60013) of Daniel Industries, Inc. of our report dated February 26, 1999, appearing on page 24 of this Annual Report on Form 10-K.

PRICEWATERHOUSECOOPERS LLP

Houston, Texas
March 24, 1999

<TABLE> <S> <C>

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