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Dresser Inc. Outlook Upgraded On Completed Audit, Better Performance

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Standard & Poor's Ratings Services upgraded its outlook on private equity-backed Dresser Inc. to stable from negative and affirmed the company's B corporate credit rating. The rating outlook change is in part due to the oil services company's successful completion of its 2007 audit as well as improved performance, said Aniki Saha-Yannopoulos, an associate at Standard & Poor's. "It's improved progressively over time," Saha-Yannopoulos said. Dresser completed the restatement and reaudit of its annual financial statements for 2003 and 2004, as well as an initial audit for 2005, in February. The company issued audited statements from 2006 and 2007 between April and July.

Dresser is on track to complete its 2008 audited financial statements in the first quarter of 2009, said Marty Kittrell, executive vice president and chief financial officer of Dresser. "It took us about two years for us to get all of this done, but in a short period of time we issued audited statements for five years," Kittrell said.

Delays in filing audited financial statements were partly caused by Halliburton's sale of Dresser in 2001 to private equity investors, and subsequent changes in its financial management team, Kittrell said. Dresser changed hands again when it was acquired last year by a group of private equity investors led by Riverstone Holdings LLC and including First Reserve Corp. and Lehman Brothers Co-Investment Partners.

S&P also said the company's ratio of debt to earnings before interest, taxes, depreciation and amortization decreased to 6.7 times for the 12 months ending June 30, 2008 from 9.4 times for the 12-month period ending Dec. 31, 2006, playing a part in maintaining the B corporate credit rating. Addison, Texas-based Dresser, a provider of infrastructure equipment primarily to the oil and gas industry, received no change to its credit rating partly because of its weak coverage ratios, exposure to the volatile oil and gas industry and \$2.1 billion of debt, S&P said. Reach Dresser at 972-361-9800.