

# VIAD CORP

## FORM 10-Q (Quarterly Report)

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Sector	Services
Fiscal Year	12/31

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, DC 20549

**FORM 10-Q**

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

For the Quarterly Period Ended September 30, 1997  
*Commission file number 001-11015*

**VIAD CORP**

(Exact name of registrant as specified in its charter)

DELAWARE  
(State or other jurisdiction of  
incorporation or organization)

36-1169950  
(I.R.S. Employer  
Identification No.)

1850 N. CENTRAL AVE., PHOENIX, ARIZONA  
(Address of principal executive offices)

85077  
(Zip Code)

Registrant's telephone number, including area code (602) 207-4000

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

Yes x No

As of October 31, 1997, 96,506,631 shares of Common Stock (\$1.50 par value) were outstanding.

PART I. FINANCIAL INFORMATION  
 Item 1. Financial Statements

VIAD CORP  
 CONSOLIDATED BALANCE SHEET

(000 omitted)	September 30, 1997	December 31, 1996
	-----	-----
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 9,957	\$ 4,422
Receivables, less allowance of \$12,053 and \$12,744	172,099	163,262
Inventories	103,617	93,730
Deferred income taxes	25,245	32,567
Other current assets	53,375	59,562
	-----	-----
	364,293	353,543
Funds, agents' receivables and current maturities of investments restricted for payment service obligations, after eliminating \$90,000 invested in Viad commercial paper	449,408	670,258
	-----	-----
Total current assets	813,701	1,023,801
Investments restricted for payment service obligations	1,452,167	1,144,279
Property and equipment	454,256	473,039
Other investments and assets	115,613	125,705
Investment in discontinued operations		97,958
Deferred income taxes	77,238	47,904
Intangibles	548,235	540,626
	-----	-----
	\$ 3,461,210	\$ 3,453,312
	=====	=====

(000 omitted, except share data)	September 30, 1997	December 31, 1996
	-----	-----
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 150,781	\$ 148,990
Accrued compensation	63,573	68,976
Other current liabilities	181,919	263,049
Current portion of long-term debt	3,169	2,348
	-----	-----
Payment service obligations	399,442	483,363
	1,954,664	1,869,480
	-----	-----
Total current liabilities	2,354,106	2,352,843
Long-term debt	421,089	518,779
Pension and other benefits	66,561	61,689
Other deferred items and insurance reserves	103,364	73,291
Minority interests	8,514	7,888
\$4.75 Redeemable preferred stock	6,611	6,604
Common stock and other equity:		
Common stock, \$1.50 par value, 200,000,000 shares authorized, 97,108,724 shares issued	145,663	145,663
Additional capital	290,097	282,203
Retained income	185,506	146,664
Cumulative translation adjustments	(2,837)	(1,519)
Unearned employee benefits	(120,132)	(118,766)
Unrealized gain on securities available for sale	9,374	205
Common stock in treasury, at cost, 370,301 and 1,162,718 shares	(6,706)	(22,232)
	-----	-----
Total common stock and other equity	500,965	432,218
	-----	-----
	\$ 3,461,210	\$ 3,453,312
	=====	=====

See Notes to Consolidated Financial Statements.

VIAD CORP  
STATEMENT OF CONSOLIDATED INCOME

Quarter ended September 30, (000 omitted, except per share data)	1997	1996
	-----	-----
REVENUES	\$ 622,226	\$ 598,290
	-----	-----
Costs and expenses:		
Costs of sales and services	553,971	534,538
Unallocated corporate expense and other items, net	6,910	7,335
Sale of trade accounts receivable expense	1,110	808
Spin-off costs and management transition expenses		3,000
Interest expense	11,471	13,520
Minority interests	555	936
	-----	-----
	574,017	560,137
	-----	-----
Income before income taxes	48,209	38,153
Income taxes	14,359	13,064
	-----	-----
INCOME FROM CONTINUING OPERATIONS	33,850	25,089
Loss from discontinued operations		(4,667)
	-----	-----
NET INCOME	\$ 33,850	\$ 20,422
	=====	=====
INCOME (LOSS) PER COMMON SHARE:		
Continuing operations	\$ 0.36	\$ 0.27
Discontinued operations		(0.05)
	-----	-----
NET INCOME PER COMMON SHARE	\$ 0.36	\$ 0.22
	=====	=====
Dividends declared per common share	\$ 0.08	\$ 0.08
	=====	=====
Average outstanding common and equivalent shares	94,339	92,192
	=====	=====

See Notes to Consolidated Financial Statements.

VIAD CORP  
STATEMENT OF CONSOLIDATED INCOME

Nine months ended September 30, (000 omitted, except per share data)	1997	1996
REVENUES	\$ 1,806,897	\$ 1,698,041
Costs and expenses:		
Costs of sales and services	1,641,286	1,544,736
Unallocated corporate expense and other items, net	22,412	25,248
Sale of trade accounts receivable expense	3,330	1,818
Spin-off costs and management transition expenses		15,000
Interest expense	38,073	40,554
Minority interests	1,039	1,571
	-----	-----
	1,706,140	1,628,927
	-----	-----
Income before income taxes	100,757	69,114
Income taxes	29,712	26,507
	-----	-----
INCOME FROM CONTINUING OPERATIONS	71,045	42,607
Income from discontinued operations		16,427
	-----	-----
Income before extraordinary charge	71,045	59,034
Extraordinary charge for early retirement of debt, net of tax benefit of \$4,554	(8,458)	
	-----	-----
NET INCOME	\$ 62,587	\$ 59,034
	=====	=====
INCOME (LOSS) PER COMMON SHARE:		
Continuing operations	\$ 0.75	\$ 0.46
Discontinued operations		0.18
	-----	-----
Income before extraordinary charge	0.75	0.64
Extraordinary charge	(0.09)	
	-----	-----
NET INCOME PER COMMON SHARE	\$ 0.66	\$ 0.64
	=====	=====
Dividends declared per common share	\$ 0.24	\$ 0.40
	=====	=====
Average outstanding common and equivalent shares	93,632	91,338
	=====	=====

See Notes to Consolidated Financial Statements.

VIAD CORP  
STATEMENT OF RETAINED INCOME

Nine months ended September 30, (000 omitted)	1997	1996
	-----	-----
Balance, beginning of year	\$ 146,664	\$ 322,439
Net income	62,587	59,034
Dividends on common and preferred stock	(22,715)	(36,374)
Distribution of the consumer products business to Viad stockholders	(1,216)	(160,026)
Other	186	280
	-----	-----
Balance, end of period	\$ 185,506	\$ 185,353
	=====	=====

See Notes to Consolidated Financial Statements.

VIAD CORP  
STATEMENT OF CONSOLIDATED CASH FLOWS

Nine months ended September 30, (000 omitted)	1997 -----	1996 -----
<b>CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Net income	\$ 62,587	\$ 59,034
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	58,995	55,616
Deferred income taxes	2,879	7,305
Income from discontinued operations		(16,427)
Extraordinary charge for early retirement of debt	8,458	
Spin-off costs and management transition expenses		15,000
Other noncash items, net	(3,215)	3,216
Change in operating assets and liabilities:		
Receivables and inventories	(20,576)	(37,102)
Payment service current assets and obligations, net	198,847	130,893
Proceeds from agents' receivables sold	119,396	
Accounts payable and accrued compensation	(3,612)	32,972
Other assets and liabilities, net	(42,570)	(48,495)
	-----	-----
Net cash provided by operating activities	381,189	202,012
	-----	-----
<b>CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES:</b>		
Capital expenditures	(71,178)	(47,333)
Purchase of asset previously leased	(20,997)	
Acquisitions of businesses, net of cash acquired	(18,676)	(19,396)
Proceeds from sales of property and equipment, net	89,852	8,242
Investments restricted for payment service obligations:		
Proceeds from sales and maturities of securities classified as available for sale	535,441	379,925
Proceeds from maturities of securities classified as held to maturity	25,061	7,784
Purchases of securities classified as available for sale	(765,767)	(384,606)
Purchases of securities classified as held to maturity	(97,525)	(157,253)
Investments in and advances from discontinued operations, net	66,545	32,693
	-----	-----
Net cash used by investing activities	(257,244)	(179,944)
	-----	-----
<b>CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES:</b>		
Payments on long-term borrowings	(75,780)	(77,666)
Premium paid upon early retirement of debt	(13,012)	
Net change in short-term borrowings	(21,003)	51,966
Dividends on common and preferred stock	(22,715)	(36,374)
Proceeds from sales of treasury stock	16,373	38,377
Cash payments on interest rate swaps	(2,273)	(6,009)
	-----	-----
Net cash used by financing activities	(118,410)	(29,706)
	-----	-----
Net increase (decrease) in cash and cash equivalents	5,535	(7,638)
Cash and cash equivalents, beginning of year	4,422	17,945
	-----	-----
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 9,957	\$ 10,307
	=====	=====

See Notes to Consolidated Financial Statements.



**VIAD CORP**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE A--Basis of Preparation**

The Consolidated Financial Statements of Viad Corp ("Viad") include the accounts for Viad and all of its subsidiaries. This information should be read in conjunction with the financial statements set forth in the Viad Corp Annual Report to Stockholders for the year ended December 31, 1996.

Accounting policies utilized in the preparation of the financial information herein presented are the same as set forth in Viad's annual financial statements except as modified for interim accounting policies which are within the guidelines set forth in Accounting Principles Board Opinion No. 28, "Interim Financial Reporting." The interim consolidated financial information is unaudited. In the opinion of management, all adjustments, consisting only of normal recurring accruals, necessary to present fairly Viad's financial position as of September 30, 1997, and its results of operations and its cash flows for the quarters and nine months ended September 30, 1997 and 1996 have been included. Interim results of operations are not necessarily indicative of the results of operations for the full year.

**NOTE B--Investments Restricted for Payment Service Obligations**

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

	September 30, 1997	December 31, 1996
	-----	-----
(000 omitted)		
Securities available for sale, at fair value (amortized cost of \$981,476 and \$748,642)	\$ 996,843	\$ 748,977
Securities held to maturity, at amortized cost (fair value of \$484,255 and \$403,278)	478,152	405,921
	-----	-----
	1,474,995	1,154,898
Less current maturities	(22,828)	(10,619)
	-----	-----
	\$ 1,452,167	\$ 1,144,279
	=====	=====

**NOTE C--Sale of Viad Tower**

During May 1997, Viad sold its corporate headquarters building for \$73,000,000, before expenses of sale. As part of the transaction, Viad is leasing back the portion of the building it currently occupies for nearly 15 years. Accordingly, the excess of the net sales price over the net book value of the building was deferred and is being amortized over the remaining term of the lease.

**NOTE D--Sale of Agents' Receivables**

In September 1997, Viad's payment services subsidiary entered into a five year agreement to sell, on a periodic basis, undivided percentage ownership interests in certain receivables in an amount not to exceed \$250,000,000. The receivables, representing funds in transit from money order agents, are being sold in order to accelerate payment services' cash flow for investment in admissible securities (which are available to satisfy certain state requirements that qualified assets be equal to or exceed related payment service obligations at all times). The agents' receivables sold in the third quarter of 1997 totaled \$119,396,000. The expense of selling such receivables amounted to approximately \$467,000 for the quarter ended September 30, 1997, which has been deducted in arriving at payment service operating income.

**NOTE E--Debt**

In September 1997, Viad reduced the aggregate bank commitments available under a long-term revolving bank credit agreement from \$400,000,000 to \$300,000,000. The commitments support short-term borrowings made through Viad's issuance of commercial paper and promissory notes. Also in the third quarter, the agreement was extended an additional year to expire in 2002. At September 30, 1997 and December 31, 1996, Viad classified \$62,997,000 and \$84,000,000, respectively, of short-term borrowings supported by such unused commitments as long-term debt.

As discussed in Liquidity and Capital Resources, in late March 1997, Viad repurchased \$58,414,000 par value of its 10.5 percent subordinated debentures at a premium, resulting in an extraordinary after-tax charge of \$8,458,000.

**NOTE F--Income Taxes**

A reconciliation of the provision for income taxes and the amount that would be computed using statutory federal income tax rates on income before income taxes for the nine months ended September 30, is as follows:

	1997	1996
	-----	-----
(000 omitted)		
Computed income taxes at statutory federal income tax rate of 35%	\$ 35,265	\$ 24,190
Nondeductible goodwill amortization	3,106	2,932
Minority interests	364	550
State income taxes	3,501	2,794
Tax-exempt income	(13,676)	(9,856)
Spin-off transaction costs		5,250
Adjustment to estimated annual effective rate	500	
Other, net	652	647
	-----	-----
Provision for income taxes	\$ 29,712	\$ 26,507
	=====	=====

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

	Quarter ended September 30,		Nine months ended September 30,	
	1997	1996	1997	1996
(000 omitted)				
Revenues:				
Airline Catering and Services	\$ 244,537	\$ 225,712	\$ 687,355	\$ 633,694
Convention Services	181,310	191,591	612,977	579,507
Travel and Leisure and Payment Services (1)	196,379	180,987	506,565	484,840
	\$ 622,226	\$ 598,290	\$ 1,806,897	\$ 1,698,041
Operating Income:				
Airline Catering and Services	\$ 24,342	\$ 22,712	\$ 58,788	\$ 54,991
Convention Services	14,046	12,956	54,273	48,759
Travel and Leisure and Payment Services (1)	29,867	28,084	52,550	49,555
Total principal business segments	68,255	63,752	165,611	153,305
Unallocated corporate expense and other items, net	(6,910)	(7,335)	(22,412)	(25,248)
Sale of trade accounts receivable expense	(1,110)	(808)	(3,330)	(1,818)
	\$ 60,235	\$ 55,609	\$ 139,869	\$ 126,239

(1) Viad's payment services subsidiary is investing increasing amounts in tax-exempt securities. On a fully taxable equivalent basis, revenues and operating income would be higher by \$7,103,000 and \$6,136,000 for the 1997 and 1996 quarters, respectively, and by \$21,040,000 and \$15,163,000 for the 1997 and 1996 nine month periods, respectively.

## NOTE H--Discontinued Operations

The caption, "Income (loss) from discontinued operations" presented in the Statement of Consolidated Income for the quarter and nine months ended September 30, 1996, includes the following, after income taxes where applicable:

	Quarter ended September 30, 1996	Nine months ended September 30, 1996
	-----	-----
(000 omitted)		
Consumer products business (spun off August 15, 1996 as The Dial Corporation):		
Income (loss) from operations	\$ (3,729)	\$ 35,620
Spin-off costs and management transition expenses	(1,000)	(5,000)
	-----	-----
	(4,729)	30,620
	-----	-----
Canadian intercity bus transportation business, net of applicable minority interests (disposed of May 31, 1996):		
Loss from operations		(583)
Transaction costs, loss on disposition and foreign currency translation losses (1)		(15,866)
		-----
		(16,449)
		-----
Cruise line business (sold April 17, 1997):		
Income from operations	62	2,256
	-----	-----
Income (loss) from discontinued operations	\$ (4,667)	\$ 16,427
	=====	=====

(1) Includes spin-off and exchange transaction costs, totaling \$1,579,000, associated with the disposition of the Canadian intercity bus transportation business, along with a loss recorded on the disposition of \$2,021,000 and recognition of previously unrealized foreign currency translation losses of \$12,266,000. The translation losses had previously been deducted from common stock and other equity in accordance with SFAS No. 52.

## NOTE I--Dividends Declared Per Common Share

The decline in dividends declared per common share for the nine months ended September 30, 1997, as compared to the first nine months of 1996, reflects the spin-off of Viad's consumer products business, now conducted under the name The Dial Corporation, on August 15, 1996. Viad's quarterly dividend decreased from \$0.16 per share to \$0.08 per share following the spin-off. The Dial Corporation's initial quarterly dividend of \$0.08 per share after the spin-off maintained the \$0.16 quarterly dividend for stockholders who retained shares of both companies following the spin-off.

## NOTE J--Impact of New Accounting Pronouncements

In February 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share." SFAS No. 128 requires the dual presentation of basic and diluted earnings per share ("EPS") on the face of the income statement and requires a reconciliation of the numerators and denominators of basic and diluted EPS calculations. SFAS No. 128 will be effective for Viad's 1997 fiscal year. Early adoption of the Statement is not permitted. Pro forma basic and diluted net income per common share as defined for the third quarter and nine month periods ended September 30 would be as follows had SFAS No. 128 been adopted for those periods:

	Quarter ended September 30,		Nine months ended September 30,	
	1997	1996	1997	1996
	-----	-----	-----	-----
Basic	\$ 0.37	\$ 0.23	\$ 0.68	\$ 0.66
Diluted	0.36	0.22	0.66	0.64

In June 1997, the FASB issued SFAS No. 130, "Reporting Comprehensive Income," to be effective in 1998. SFAS No. 130 establishes standards for reporting and displaying comprehensive income and its components. The adoption of SFAS No. 130 will not affect net income as previously reported.

Also in June 1997, the FASB issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." SFAS No. 131

requires disclosure of certain financial and descriptive information for each reportable operating segment based on management's internal organizational decision making structure. SFAS No. 131 also establishes standards for disclosures relating to products and services, geographic areas and major customers. The new disclosures required by SFAS No. 131 will be effective for Viad's financial statements for the year ending December 31, 1998.

## **Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

### **RESULTS:**

There were no material changes in the nature of Viad's business, nor were there any other changes in the general characteristics of its operations as described and discussed in the first paragraph of the results section of Management's Discussion and Analysis of Results of Operations and Financial Condition presented in the Viad Corp Annual Report to Stockholders for the year ended December 31, 1996.

### **COMPARISON OF THIRD QUARTER OF 1997 TO THE THIRD QUARTER OF 1996:**

In the third quarter of 1997, revenues increased \$23.9 million, or 4.0 percent, to \$622.2 million from \$598.3 million in 1996. The 1997 third quarter operating income of Viad's principal business segments increased \$4.5 million, or 7.1 percent, over that of 1996. Viad's payment services subsidiary continues to invest increasing amounts of its growing money order and official check funds in tax-exempt securities. On a fully taxable equivalent basis, revenues rose 4.1 percent and operating income was up 7.8 percent.

Income from continuing operations for the third quarter of 1997 was \$33.9 million, or \$0.36 per share. Income from continuing operations for the third quarter of 1996 was \$25.1 million, or \$0.27 per share, after deducting a provision for spin-off costs and management transition expenses of \$3.0 million, or \$0.03 per share.

Net income for the third quarter of 1997 was \$33.9 million, or \$0.36 per share. Net income for the third quarter of 1996 was \$20.4 million, or \$0.22 per share, which included a loss from discontinued operations of \$4.7 million, or \$0.05 per share. See Note H of Notes to Consolidated Financial Statements.

There were 2.1 million more average common and equivalent shares outstanding in the 1997 quarter than in the 1996 quarter, due primarily to the effects of stock option exercises and other issuances related to employee benefit plans.

### **AIRLINE CATERING AND SERVICES.**

The third quarter 1997 revenues of the Airline Catering and Services group were \$244.5 million, an 8.3 percent increase from the 1996 third quarter revenues of \$225.7 million. On a fully comparable basis, the revenue increase was 7.1 percent, as the reported 1996 revenues did not include two catering kitchens which had only been 50 percent owned in 1996. Operating income increased \$1.6 million, or 7.2 percent, over that of the 1996 third quarter. This performance was led by airline catering, with into-plane fueling and ground handling showing some improvement in operating income despite slightly lower revenues resulting from eliminating certain low-margin business. Catering revenues and operating income increased primarily as a result of new business added over the past year, including the acquisition of a flight kitchen in Miami in early 1997. Operating margins for the segment were 10.0 percent as compared with 10.1 percent in 1996. When the 1996 unconsolidated revenues from the two catering kitchens which had only been 50 percent owned are considered, last year's margin would have been 10.0 percent, even with 1997 on a fully comparable basis.

### **CONVENTION SERVICES.**

Convention Services third quarter 1997 revenues decreased \$10.3 million, or 5.4 percent, to \$181.3 million from \$191.6 million in the 1996 third quarter. The third quarter of 1996 included revenues from the Atlanta Olympic Games and the Democratic National Convention. Despite the lower revenues, operating income increased \$1.1 million, or 8.4 percent, and operating margins improved to 7.7 percent from 6.8 percent in the 1996 third quarter. These increases were achieved as the result of efficiencies gained from the consolidation of Giltspur Inc. operations with Exhibitgroup, strong segment revenue growth (excluding the effects of the one-time events mentioned above) and improved show management cost controls at GES Exposition Services.

### **TRAVEL AND LEISURE AND PAYMENT SERVICES.**

Revenues of the Travel and Leisure and Payment Services companies were \$196.4 million for the third quarter of 1997, up \$15.4 million from those of the 1996 third quarter. Operating income increased 6.3 percent to \$29.9 million. On the fully taxable equivalent basis, third quarter revenues and operating income would be higher by \$7.1 million and \$6.1 million in 1997 and 1996, respectively, resulting in an 8.7 percent revenue increase and an 8.0 percent operating income increase. Operating margins on the fully taxable equivalent basis would be 18.2 percent in the third quarter of 1997, down slightly from 18.3 percent in the 1996 third quarter.

On the fully taxable equivalent basis, payment services revenues and operating income increased \$11.2 million and \$2.4 million, respectively, over those of 1996's third quarter, primarily as a result of increased investment income arising from larger investment balances and the contribution from two acquisitions by payment services made in the first quarter of 1997.

Duty Free and shipboard concession revenues and operating income increased \$4.0 million and \$400,000, respectively, over those of the 1996 third quarter, due primarily to an increase in the number of shipboard passenger days and increased sales at Miami International Airport.

Travel tour service revenues and operating income decreased \$1.3 million and \$1.5 million, respectively, from those of the 1996 third quarter, as Japanese tourism into Canada and European tourism to the United States were both down from 1996 levels. See Recent Developments.

Food service companies revenues and operating income increased \$2.5 million and \$800,000, respectively, in the 1997 third quarter, due primarily to higher revenues at America West Arena and Glacier Park.

**UNALLOCATED CORPORATE EXPENSE AND OTHER ITEMS, NET.**

Unallocated corporate expense and other items, net, decreased \$400,000 from the third quarter of 1996.

**SALE OF TRADE ACCOUNTS RECEIVABLE EXPENSE.**

Expenses from the sale of trade accounts receivable were higher by \$300,000 in the third quarter of 1997 compared to the third quarter of 1996. The average level of such accounts receivable sold by continuing operations was higher in 1997 than in 1996, as Viad still had consumer products trade receivables in the program up to the August 15, 1996, spin-off of the consumer products business, now reclassified to discontinued operations.

**INTEREST EXPENSE.**

Interest expense decreased \$2.0 million in the 1997 third quarter. Viad repurchased \$58.4 million par value of its 10.5 percent subordinated debentures in late March 1997, resulting in lower interest expense in the third quarter of 1997 compared to the 1996 quarter. In addition, cash proceeds from the sale of the Star/Ship Atlantic in March, the disposition of Premier Cruise Lines in April and the sale/leaseback of Viad's corporate headquarters building in May resulted in lower debt levels and reduced interest expense.

**INCOME TAXES.**

The effective tax rate in the 1997 third quarter was 29.8 percent. Excluding the effects of the \$3.0 million provision for spin-off costs and management transition expenses without tax benefit, the effective tax rate for the third quarter of 1996 was 31.7 percent. The reduction in the effective tax rate results primarily from the increased use of tax-exempt investments by Viad's payment services subsidiary.

**COMPARISON OF FIRST NINE MONTHS OF 1997 TO THE FIRST NINE MONTHS OF 1996:**

Revenues for the first nine months of 1997 increased \$108.9 million, or 6.4 percent, to \$1.8 billion from \$1.7 billion in the same period of 1996. Operating income of Viad's principal business segments increased \$12.3 million, or 8.0 percent, over that of 1996. On the fully taxable equivalent basis, revenues rose 6.7 percent and operating income was up 10.8 percent.

Income from continuing operations for the first nine months of 1997 was \$71.0 million, or \$0.75 per share. Income from continuing operations for the first nine months of 1996 was \$42.6 million, or \$0.46 per share, after deducting a provision for spin-off costs and management transition expenses of \$15.0 million, or \$0.16 per share.

For the first nine months of 1997, net income was \$62.6 million, or \$0.66 per share, after deducting an extraordinary charge of \$8.5 million (net of tax benefit of \$4.6 million), or \$0.09 per share, for the early retirement of debt. Net income for the same period of 1996 was \$59.0 million, or \$0.64 per share, which included income from discontinued operations of \$16.4 million, or \$0.18 per share.

There were 2.3 million more average common and equivalent shares outstanding in 1997 than in 1996, due primarily to the effects of stock option exercises and other issuances related to employee benefit plans.

**AIRLINE CATERING AND SERVICES.**

Nine month revenues of the Airline Catering and Services group were \$687.4 million in 1997, an 8.5 percent increase from the 1996 nine month revenues of \$633.7 million. On a fully comparable basis, the revenue increase was 6.8 percent, as the reported 1996 revenues did not include two catering kitchens which had only been 50 percent owned in 1996. Operating income increased \$3.8 million, or 6.9 percent, to \$58.8 million for the first nine months of 1997. The segment performance was led by airline catering. Catering revenues and operating income increased primarily as a result of new business added, including the acquisition of a flight kitchen in Miami in early 1997. Operating margins were 8.6 percent in 1997 compared with 8.7 percent in 1996. On a fully comparable basis, including unconsolidated 1996 revenues from the two catering kitchens which had only been 50 percent owned, the 1996 operating margin would have been 8.5 percent.

**CONVENTION SERVICES.**

Convention Services' nine month revenues of \$613.0 million were \$33.5 million, or 5.8 percent, greater than the 1996 nine month period. Operating income increased 11.3 percent to \$54.3 million, and operating margins increased to 8.9 percent from 8.4 percent in 1996. These increases were achieved as a result of efficiencies gained from the consolidation of Giltspur Inc. operations with Exhibitgroup, strong segment revenue growth (excluding the effects of the Atlanta Olympic Games and the Democratic National Convention held in 1996) and improved show management cost controls at GES Exposition Services.

**TRAVEL AND LEISURE AND PAYMENT SERVICES.**

For the first nine months of 1997, revenues of the Travel and Leisure and Payment Services companies were \$506.6 million, up \$21.7 million, or 4.5 percent, from those of the 1996 nine month period. Operating income increased 6.0 percent to \$52.6 million. On the fully taxable equivalent basis, nine month revenues and operating income would be higher by \$21.0 million and \$15.2 million in 1997 and 1996, respectively, for a 5.5 percent revenue increase and a 13.7 percent operating income increase. Excluding the 1996 revenues of Oakbrook Hills Hotel & Resort, sold June 30, 1996, the nine month revenue increase was 7.7 percent. Operating margins on the fully taxable equivalent basis would be 13.9 percent for the first nine months of 1997, up from 12.9 percent in the comparable period of 1996.

On the fully taxable equivalent basis, payment services revenues and operating income increased \$27.7 million and \$7.1 million, respectively, over those of 1996's first nine months, due principally to increased investment income arising from larger investment balances and business

generated from two acquisitions made in the first quarter of 1997.

Duty Free airport and shipboard concession revenues and operating income increased \$5.7 million and \$500,000, respectively, over those of the first nine months of 1996, due to an increase in the number of shipboard passenger days and increased sales at Miami International Airport.

Travel tour service revenues improved \$2.2 million over the first nine months of 1996, due in part to the effects of an acquisition made in the third quarter of 1996. Operating results declined \$2.4 million as a consequence of the lower 1997 passenger volumes and higher costs to provide services. See Recent Developments.

Revenues of the food service companies for the first nine months of 1997 increased \$2.2 million over those of the 1996 nine month period. Increased business at America West Arena (due to the addition of Phoenix Coyotes hockey games) and increased revenues at General Motors (due to strikes at certain General Motors plants in the first quarter of 1996) were partly offset by the closure of certain locations in 1996. Operating income increased \$2.4 million, due primarily to the higher revenues and improved cost efficiencies when compared to the effects of the strikes on 1996 operations.

#### **UNALLOCATED CORPORATE EXPENSE AND OTHER ITEMS, NET.**

Unallocated corporate expense and other items, net, decreased \$2.8 million from the same period of 1996.

#### **SALE OF TRADE ACCOUNTS RECEIVABLE EXPENSE.**

Expenses from the sale of trade accounts receivable were higher by \$1.5 million in the first nine months of 1997 compared to the same period of 1996. The average level of accounts receivable sold by Viad's continuing operations was higher in 1997 than in 1996, as Viad still had consumer products trade receivables in the program up to the August 15, 1996, spin-off of the consumer products business, now reclassified to discontinued operations.

#### **INTEREST EXPENSE.**

Interest expense for the first nine months of 1997 decreased \$2.5 million from that of the same period of 1996. Viad repurchased \$58.4 million par value of its 10.5 percent subordinated debentures in late March 1997, resulting in lower interest expense. In addition, proceeds from the sale of the Star/Ship Atlantic, the disposition of Premier Cruise Lines and the sale of Viad's corporate headquarters building results in lower debt levels and reduced interest expense.

#### **INCOME TAXES.**

The effective tax rate for the first nine months of 1997 was 29.5 percent. Excluding the effects of the \$15.0 million provision for spin-off costs and management transition expenses without tax benefit, the effective tax rate for the first nine months of 1996 was 31.5 percent. The reduction in the effective tax rate results primarily from the increased use of tax-exempt investments by Viad's payment services subsidiary.

#### **LIQUIDITY AND CAPITAL RESOURCES:**

In late March 1997, Viad repurchased \$58.4 million par value of its 10.5 percent subordinated debentures at a premium, resulting in an extraordinary charge of \$8.5 million (net of tax benefit of \$4.6 million), or \$0.09 per share. The tender offer was financed with general corporate funds, operating cash flow, proceeds from the sale of certain assets and short-term borrowings. The purpose of the repurchase was to reduce ongoing interest expense.

In September 1997, Viad reduced the aggregate bank commitments available under its long-term revolving bank credit agreement from \$400 million to \$300 million. Also in the third quarter, the agreement was extended an additional year to expire in 2002. The commitments support short-term borrowings made through Viad's issuance of commercial paper and promissory notes.

Viad's total debt at September 30, 1997 was \$424.3 million compared with \$521.1 million at December 31, 1996. The debt-to-capital ratio at September 30, 1997 was 0.45 to 1, down from 0.54 to 1 at December 31, 1996.

In September 1997, Viad's payment services subsidiary entered into a five year agreement to sell, on a periodic basis, undivided percentage ownership interests in certain receivables in an amount not to exceed \$250 million. The receivables, representing funds in transit from money order agents, are being sold in order to accelerate payment services' cash flow for investments in admissible securities (which are available to satisfy certain state requirements that qualified assets be equal to or exceed related payment service obligations at all times). See Note D of Notes to Consolidated Financial Statements.

As mentioned previously in Note C of Notes to Consolidated Financial Statements, in May 1997, Viad sold its corporate headquarters building for \$73.0 million, before selling expenses. In mid-March 1997, Viad sold the Star/Ship Atlantic for \$70.0 million, and in April 1997, Viad finalized the sale of Premier Cruise Lines for \$19.0 million.

Fluctuations in the balances of payment service assets and obligations result from varying levels of sales of money orders and other payment instruments, the timing of the collections of agents' receivables and the timing of the presentment of such instruments. Increases in the amount of agents' receivables sold also result in increases in the levels of investments restricted for payment service obligations (classified as long-term assets) and lower payment service current assets.



## RECENT DEVELOPMENTS:

In September 1997, Viad announced that it had signed an agreement to enter into a merger with Game Financial Corporation ("Game"), with Viad to issue common stock in exchange for 100 percent of the outstanding shares of Game. Game, which offers cash access services to casinos and other gaming establishments, will operate as part of Viad's payment services group. In early October 1997, Viad filed a Form S-4 registering 2,800,000 shares of common stock. The proxy statement/prospectus became effective on November 7, 1997. The number of shares to be issued in the merger depends on Viad's average stock price for a defined period leading up to the merger date. The acquisition, which is not material to Viad's results of operations, is anticipated to be completed by year end.

In October 1997, Viad completed the sale of two small British travel tour companies from the travel and leisure and payment services segment.

There were no other material changes in Viad's financial condition nor were there any substantive changes relative to matters discussed in the Liquidity and Capital Resources section of Management's Discussion and Analysis of Results of Operations and Financial Condition as presented in Viad Corp's Annual Report to Stockholders for the year ended December 31, 1996.

## PART II. OTHER INFORMATION

### Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the third quarter of 1997.

### Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibit No. 10A - Viad Corp Deferred Compensation Plan Amended and Restated as of August 21, 1997

Exhibit No. 10B - 1997 Viad Corp Omnibus Incentive Plan, As Amended, filed as Exhibit 4.3 to Viad's Form S-8, Registration No. 333-35231, is hereby incorporated by reference.

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

### Exhibit No. 27 - Financial Data Schedule

(b) No reports on Form 8-K were filed by the registrant during the quarter for which this report is filed.

## SIGNATURES

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

**VIAD CORP**  
(Registrant)

*November 12, 1997*

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

## Exhibit 10A

### VIAD CORP DEFERRED COMPENSATION PLAN AMENDED AND RESTATED AS OF AUGUST 21, 1997

1. **PURPOSE OF THE PLAN.** The purpose of the Deferred Compensation Plan (the Plan) is to provide a select group of management or highly compensated employees of Viad Corp (the Corporation) and its subsidiaries with an opportunity to defer the receipt of incentive compensation awarded to them under the Management Incentive Plan, the Performance Unit Incentive Plan and certain other incentive plans of Viad Corp and its subsidiaries (the Incentive Plans) and thereby enhance the long-range benefits and purposes of the incentive awards. Each plan year shall extend from January 1 through December 31 of each calendar year.

2. **ADMINISTRATION OF THE PLAN.** The Plan shall be administered by the Compensation Advisory Committee (the Committee). Subject to the express provisions of the Plan, and the Incentive Plans, the Committee shall have the authority to adopt, amend and rescind such rules and regulations, and to make such determinations and interpretations relating to the Plan, which it deems necessary or advisable for the administration of the Plan, but it shall not have the power to amend, suspend or terminate the Plan. All such rules, regulations, determinations and interpretations shall be conclusive and binding on all parties.

#### 3. PARTICIPATION IN THE PLAN.

(a) Participation in the Plan shall be restricted to a select group of management or highly compensated employees of the Corporation or one of its subsidiaries who are participants in certain Incentive Plans, including the Management Incentive Plan, Viad Corp Performance Unit Incentive Plan, and any other bonus or bonuses or similar or successor plans, who have been selected in writing by the Chief Executive Officer of the Corporation to participate in the Plan, and whose timely written requests to defer the receipt of all or a portion of any incentive compensation which may be awarded to them, are honored in whole or in part by the Committee. Any individual whose request for deferral is not accepted or honored by the Committee, whether for failure of timely submission or for any other reason, shall not become a participant in the Plan, and the Committee's determination in this regard shall be conclusive and binding.

(b) Participants may defer incentive compensation into a cash account and, if designated by the Committee, into a stock unit account.

(c) If a participant in the Plan shall 1) sever, voluntarily or involuntarily, his employment with the Corporation or one of its subsidiaries other than as a result of disability or retirement, 2) engage in any activity in competition with the Corporation or any of its subsidiaries during or following such employment, or 3) remain in the employ of a corporation which for any reason ceases to be a subsidiary of the Corporation, the Committee may at any time thereafter direct, in its sole and exclusive discretion, that his participation in the Plan shall terminate, and that he be paid in a lump sum the aggregate amount credited to his deferred incentive account as of the date such participation is terminated. The Committee is authorized to establish and implement a policy and procedures for administration of this paragraph, including, but not limited to, a policy regarding small account balance cash-outs.

(d) The Corporation and each participating subsidiary shall be solely liable for payment of any benefits and, except as may be otherwise determined by the Committee, for maintenance of deferred incentive accounts pursuant to paragraph 7, with respect to its own employees who participate in the Plan. In the event a participant leaves the employ of the Corporation or a participating subsidiary ("former employer") and is subsequently employed by another employer, the Corporation or another subsidiary of the Corporation ("new employer"), the former employer may agree to transfer and the new employer may agree to assume the benefit liability reflected in such participant's deferred incentive account, without the consent of such participant and subject to the approval of the Committee, in its sole discretion. In the event of such a transfer and assumption of liability, the former employer shall have no further liability for any benefit under the Plan to its former employee or otherwise with respect to such transferred account.

4. **REQUESTS FOR DEFERRAL.** All requests for deferral of incentive awards must be made in writing prior to November 15 of the year in which the bonus is being earned and shall be in such form and shall contain such terms and conditions as the Committee may determine. Each such request shall specify the dollar amount or the percentage to be deferred of incentive award which would otherwise be received in the following calendar year, but in no event shall the amount to be deferred be less than \$1,000. Each such request shall also specify 1) the date (no later than the employee's actual retirement date) when payment of the aggregate amount credited to the deferred incentive account is to commence, 2) whether such payment is then to be made in a lump sum or in quarterly or annual installments, 3) if payment is to be made in installments, the period of time (not in excess of ten years) over which the installments are to be paid, and 4) if the participant is permitted to defer incentive compensation into a stock unit account, the portion of the deferred incentive compensation which shall be treated as a cash account under paragraph 7(b) and the portion which shall be treated as a stock unit account under paragraph 7(c). The Committee shall, under no circumstances, accept any request for deferral of less than \$1,000 of an incentive award or any request which is not in writing or which is not timely submitted.

5. **DEFERRAL AND PAYMENT OF INCENTIVE AWARDS.** The Committee shall, prior to December 15 of the year in which the bonus is being earned, notify each individual who has submitted a request for deferral of an incentive award whether or not such request has been accepted and honored. If the request has been honored in whole or in part, the Committee shall advise the participant of the dollar amount or percentage of his incentive compensation which the Committee has determined to be deferred. The Committee shall further advise the participant of its determination as to the date when payment of the aggregate amount credited to the participant's deferred incentive account is to commence, whether payment of the amount so credited as of that date will then be made in a lump sum or in quarterly or annual installments, if payment is to be made in installments, the period of time over which the installments will be paid, and if the participant is

permitted to defer incentive compensation into a stock unit account, whether the deferred incentive account shall be treated as a cash account or a stock unit account or split between cash and stock units. Upon subsequently being advised of the existence of special circumstances which are beyond the participant's control and which impose an unforeseen severe financial hardship on the participant or his beneficiary, the Committee may, in its sole and exclusive discretion, modify the deferral arrangement established for that participant to the extent necessary to remedy such financial hardship.

If the participant has elected to defer incentive compensation in the form of cash, the Corporation shall distribute a sum in cash to such participant, pursuant to his or her election provided for in paragraph 4. If the participant has elected to defer incentive compensation in the form of stock units, the Corporation shall distribute to such participant, pursuant to his or her election provided for in paragraph 4, the cash equivalent of the portion of the stock units being distributed in such installment which will be calculated by multiplying (i) the closing price of the Common Stock of the Corporation (as reported from the New York Stock Exchange-Composite Transactions) on the last trading day preceding the date of each distribution by (ii) the number of stock units being distributed in such installment.

6. **CONVERSION OF ACCOUNT BALANCE.** Each participant who is permitted to defer incentive compensation into a stock unit account may, not more than once a year or such other period as is determined by the Committee, by written notice delivered to the Committee, convert: (i) the aggregate balance or any portion thereof in his or her deferred compensation account (either before or after payments from the account may have commenced) from an account in the form of stock units to an account in the form of cash in an amount equal to such stock units balance or specified portion thereof multiplied by the closing price of the Common Stock of the Corporation (as reported from the New York Stock Exchange-Composite Transactions) on the last trading day of the quarter in which such notice is given, said account to then accrue interest as set forth in paragraph 7(b) below or (ii) convert the aggregate balance or any portion thereof in his or her deferred compensation account (either before or after installment payments from the account may have commenced) from an account in the form of cash to an account in the form of stock units in an amount equal to the cash balance or specified portion thereof divided by the closing price of the Common Stock of the Corporation (as reported for the New York Stock Exchange-Composite Transactions) on the last trading day of the quarter in which such notice is given, said account to then accrue dividend equivalents as set forth in paragraph 7(c) below; provided however, that no such notice of conversion ("Conversion Notice") (a) may be given within six months following the date of an election by such participant, if an Executive Officer of the Corporation, with respect to any plan of the Corporation, that effected a Discretionary Transaction (as defined in Rule 16b-3(f) under the Securities Exchange Act of 1934) that was an acquisition (if the Conversion Notice is pursuant to clause (i)) or a disposition (if the Conversion Notice is pursuant to clause (ii)) or (b) may be given after an individual ceases to be an employee of the Corporation.

#### 7. **DEFERRED INCENTIVE ACCOUNT.**

(a) A deferred incentive account shall be maintained by his employer for each participant in the Plan, and there shall be credited to each participant's account, on the date incentive compensation is paid, the incentive award, or portion thereof, which would have been paid to such participant on said date if the receipt thereof had not been deferred. If the account is to be a stock unit account, the incentive compensation award shall be converted into stock units by dividing the closing price of the Corporation's Common Stock (as reported for the New York Stock Exchange Composite Transactions) on the day such incentive award is payable into such incentive award.

(b) If the participant has elected to defer incentive compensation in the form of cash, there shall be credited on the last day of the quarter to each participant's account, an interest credit on his deferred incentive award at the interest rates determined by the Committee to be payable during each calendar year, or portion thereof, prior to the termination of such participant's deferral period or, if the amount then credited to his deferred incentive account is to be paid in installments, prior to the termination of such installment period. Interest will be paid on a prorated basis for amounts withdrawn from the account during the quarter, with the remaining balance accruing interest for the duration of the quarter. The interest credit for the following quarter shall be a rate equal to the yield as of March 31, June 30, September 30, and December 31 on Merrill Lynch Taxable Bond Index - Long Term Medium Quality (A3) Industrial Bonds, unless and until otherwise determined.

(c) If a participant has elected to defer incentive compensation in the form of stock units, then, in the event of a dividend paid in cash, stock of the Corporation (other than Common Stock) or property, additional credits (dividend equivalents) shall be made to the participant's stock unit account consisting of a number of stock units equal to the amount of such dividend per share (or the fair market value, on the date of payment, of dividends paid in stock or property), multiplied by the aggregate number of stock units credited to such participant's deferred compensation account on the record date for the payment of such dividend, divided by the closing price of the Corporation's Common Stock (as reported for the New York State Exchange-Composite transactions) on the date such dividend is payable to stockholders. After payment of deferred compensation commences, dividend equivalents shall accrue on the unpaid balance thereof in the same manner until all such deferred compensation has been paid.

(d) In the event of a dividend of Common Stock declared and paid by the Corporation, an additional credit shall be made to the participant's stock unit account of a number of stock units equal to the number of shares of the Corporation's Common Stock which the participant would have received as a stock dividend had he or she been the owner on the record date for the payment of such stock dividend of the number of shares of Common Stock equal to the number of units in such stock unit account on such date. After payment of deferred compensation commences, additional credits for stock dividends shall accrue on the unpaid balance thereof in the same manner until all such deferred compensation has been paid.

(e) The Plan shall at all times be unfunded. The Corporation shall not be required to segregate physically any amounts of money or otherwise provide funding or security for any amounts credited to the deferred incentive accounts of participants in the Plan.

#### 8. **CHANGE OF CONTROL OR CHANGE IN CAPITALIZATION.**

(a) If a tender offer or exchange offer for shares of Common Stock of the Corporation (other than such an offer by the Corporation) is commenced, or if the stockholders of the Corporation shall approve an agreement providing either for a transaction in which the Corporation will cease to be an independent publicly owned corporation or for a sale or other disposition of all or substantially all the assets of the Corporation (Change of Control), a lump sum cash payment shall be made to each participant participating in the Plan of the aggregate current balance of his or her deferred compensation account accrued to the participant's deferred compensation account on the date of the Change of Control, notwithstanding any other provision herein. If the participant has elected to defer compensation in the form of stock units, the Corporation shall distribute to such participant the sum in cash equal to the closing price of the Corporation's Common Stock on the day preceding the date of the Change of Control (as reported for the New York Stock Exchange-Composite Transactions) multiplied by the number of stock units in such account. Any notice by a participant to change or terminate his or her election to defer Compensation or before the date of the Change of Control shall be effective as of the date of the Change of Control, notwithstanding any other provision herein.

(b) Any recapitalization, reclassification, split-up, spin-off, sale of assets, combination or merger not otherwise provided for herein which affects the outstanding shares of Common Stock of the Corporation or any other relevant change in the capitalization of the Corporation shall be appropriately adjusted for by the Board of Directors of this Corporation, and any such adjustments shall be final, conclusive and binding.

9. DESIGNATION OF BENEFICIARY. Each participant in the Plan shall deliver to the Committee a written instrument, in the form provided by the Committee, designating one or more beneficiaries to whom payment of the amount credited to his deferred incentive account shall be made in the event of his death. Unless the Committee shall otherwise determine, such payments shall be made in such amounts and at such times as they would otherwise have been paid to the participant if he had survived.

10. NONASSIGNABILITY OF PARTICIPATION RIGHTS. No right, interest or benefit under the Plan shall be assignable or transferable under any circumstances other than to a participant's designated beneficiary in the event of his death, nor shall any such right, interest or benefit be subject to or liable for any debt, obligation, liability or default of any participant. The payments, benefits or rights arising by reason of this Plan shall not in any way be subject to a participant's debts, contracts or engagements, and shall not be subject to attachment, garnishment, levy, execution or other legal or equitable process.

11. RIGHTS OF PARTICIPANTS. A participant in the Plan shall have only those rights, interests or benefits as are expressly provided in the Plan and in the Incentive Plans. The Plan shall be deemed to be ancillary to the Incentive Plans and the rights of participants in the Plan shall be limited as provided in the Incentive Plans.

12. CLAIMS FOR BENEFITS. Claims for benefits under the Plan shall be filed with the Committee. Written notice of the disposition of a claim shall be furnished the claimant within 60 days after the application therefor is filed. In the event the claim is denied, the reasons for the denial shall be specifically set forth. Pertinent provisions of this Plan shall be cited. In addition, the written notice shall describe any additional material or information necessary for the claimant to perfect the claim (along with an explanation of why such material or information is needed), and the written notice will fully describe the claim review procedures of paragraph 13 below.

13. CLAIM REVIEW. Any claimant who has been denied a benefit shall be entitled, upon request to the Committee, to receive a written notice of such action, together with a full and clear statement of the reasons for the action. The claimant may also review this Plan if he chooses. If the claimant wishes further consideration of his position, he may request a hearing. The request, together with a written statement of the claimant's position, shall be filed with a Committee member no later than 60 days after receipt of the written notification provided for above. The Committee shall schedule an opportunity for a full and fair hearing of the issue within the next 60 days. The decision following the hearing shall be made within 60 days and shall be communicated in writing to the claimant. If the claimant requests, the hearing may be waived, in which case the Committee's decision shall be made within 60 days from the date on which the hearing is waived and shall be communicated in writing to the claimant.

14. AMENDMENT, SUSPENSION OR TERMINATION OF THE PLAN. The Board of Directors of the Corporation (the Board) may from time to time amend, suspend or terminate the Plan, in whole or in part, and if the Plan is suspended or terminated, the Board may reinstate any or all provisions of the Plan, except that no amendment, suspension or termination of the Plan shall, without the consent of a participant, adversely affect such participant's right to receive payment of the entire amount credited to his deferred incentive account on the date of such Board action. In the event the Plan is suspended or terminated, the Board may, in its discretion, direct the Committee to pay to each participant the amount credited to his account either in a lump sum or in accordance with the Committee's prior determination regarding the method of payment.

15. EFFECTIVE DATE. The Plan shall become effective on the date of its approval by the Human Resources Committee of the Viad Corp Board of Directors or on such other date as the Human Resources Committee may direct, but the Plan shall become operative with respect to a select group of management or highly compensated employees of each subsidiary only upon the adoption of the Plan by that subsidiary's Board of Directors.

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

	Quarter ended September 30,		Nine months ended September 30,	
	1997	1996	1997	1996
Primary:				
Net income	\$ 33,850	\$ 20,422	\$ 62,587	\$ 59,034
Less: Preferred stock dividends	(282)	(282)	(845)	(844)
Adjusted net income	\$ 33,568	\$ 20,140	\$ 61,742	\$ 58,190
Weighted average common shares outstanding before common equivalents	91,456	89,594	90,933	88,861
Common equivalent stock options	2,883	2,598	2,699	2,477
Average outstanding common and equivalent shares	94,339	92,192	93,632	91,338
Primary net income per share (dollars)	\$ 0.36	\$ 0.22	\$ 0.66	\$ 0.64
Fully Diluted:				
Adjusted net income from above	\$ 33,568	\$ 20,140	\$ 61,742	\$ 58,190
Average outstanding common and equivalent shares from above	94,339	92,192	93,632	91,338
Additional common equivalent stock options	84		446	
	94,423	92,192	94,078	91,338
Fully diluted net income per share (dollars)	\$ 0.36	\$ 0.22	\$ 0.66	\$ 0.64

## ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM VIAD CORP'S FORM 10-Q FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

MULTIPLIER: 1,000 Exhibit 27 VIAD CORP FINANCIAL DATA SCHEDULE

FISCAL YEAR END	DEC 31 1997
PERIOD END	SEP 30 1997
PERIOD TYPE	9 MOS
CASH	9,957
SECURITIES	0
RECEIVABLES	184,152
ALLOWANCES	12,053
INVENTORY	103,617
CURRENT ASSETS	813,701
PP&E	863,024
DEPRECIATION	408,768
TOTAL ASSETS	3,461,210
CURRENT LIABILITIES	2,354,106
BONDS	421,089
COMMON	145,663
PREFERRED MANDATORY	6,611
PREFERRED	0
OTHER SE	355,302
TOTAL LIABILITY AND EQUITY	3,461,210
SALES	0
TOTAL REVENUES	1,806,897
CGS	0
TOTAL COSTS	1,641,286
OTHER EXPENSES	25,742
LOSS PROVISION	0
INTEREST EXPENSE	38,073
INCOME PRETAX	100,757
INCOME TAX	29,712
INCOME CONTINUING	71,045
DISCONTINUED	0
EXTRAORDINARY	(8,458)
CHANGES	0
NET INCOME	62,587
EPS PRIMARY	0.66
EPS DILUTED	0.66

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