# VIAD CORP

## FORM 10-Q
(Quarterly Report)

## Filed 7/25/2000 For Period Ending 6/30/2000

| | |
|---|---|
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| CIK | 0000884219 |
| Industry | Business Services |
| 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 June 30, 2000
*Commission file number 001-11015*

# VIAD CORP
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| DELAWARE | 36-1169950 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| 1850 N. CENTRAL AVE., PHOENIX, ARIZONA | 85077 |
| (Address of principal executive offices) | (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 June 30, 2000, 92,837,060 shares of Common Stock ($1.50 par value) were outstanding.

## PART I. FINANCIAL INFORMATION

### ITEM 1. FINANCIAL STATEMENTS

### VIAD CORP

## CONSOLIDATED BALANCE SHEETS

| (000 omitted, except number of shares) | June 30, 2000 (Unaudited) | December 31, 1999 |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | $ 42,468 | $ 33,106 |
| Short-term investments | 28,442 | 95,545 |
| Receivables | 76,511 | 43,276 |
| Inventories | 101,170 | 73,687 |
| Deferred income taxes | 35,122 | 36,990 |
| Other current assets | 39,807 | 36,664 |
| | 323,520 | 319,268 |
| Funds, agents' receivables and current maturities of investments restricted for payment service obligations, after eliminating $25,000 and $50,000 invested in Viad commercial paper | 780,524 | 602,893 |
| Total current assets | 1,104,044 | 922,161 |
| Investments in securities | 166,262 | 173,359 |
| Investments restricted for payment service obligations | 3,248,764 | 2,936,171 |
| Property and equipment | 305,580 | 313,623 |
| Other investments and assets | 110,582 | 121,159 |
| Deferred income taxes | 94,093 | 115,058 |
| Intangibles | 646,270 | 629,340 |
| | $ 5,675,595 | $ 5,210,871 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Short-term bank loans | $ 13,523 | $ 13,855 |
| Accounts payable | 114,834 | 82,465 |
| Other current liabilities | 203,806 | 204,228 |
| Current portion of long-term debt | 26,323 | 32,814 |
| | 358,486 | 333,362 |
| Payment service obligations | 3,988,729 | 3,587,834 |
| Total current liabilities | 4,347,215 | 3,921,196 |
| Long-term debt | 359,291 | 342,603 |
| Pension and other postretirement benefits | 71,369 | 71,402 |
| Other deferred items and insurance liabilities | 140,821 | 154,435 |
| Minority interests | 3,900 | 5,950 |
| $4.75 Redeemable preferred stock | 6,649 | 6,640 |
| Common stock and other equity: | | |
| Common stock, $1.50 par value, 200,000,000 shares authorized, 99,739,925 shares issued | 149,610 | 149,610 |
| Additional capital | 276,138 | 289,798 |
| Retained income | 695,103 | 643,352 |
| Unearned employee benefits and other | (109,354) | (129,818) |
| Accumulated other comprehensive income: | | |
| Unrealized loss on securities classified as available for sale | (54,004) | (70,021) |
| Cumulative translation adjustments | (7,119) | (4,935) |
| Minimum pension liability adjustment | (1,674) | (1,674) |
| Common stock in treasury, at cost, 6,902,865 and 5,497,132 shares | (202,350) | (167,667) |
| Total common stock and other equity | 746,350 | 708,645 |
| | $ 5,675,595 | $ 5,210,871 |

**See Notes to Consolidated Financial Statements.**

**VIAD CORP**
**CONSOLIDATED STATEMENTS OF INCOME**
(Unaudited)

| (000 omitted, except per share data) | Quarter ended June 30, 2000 | Quarter ended June 30, 1999 | Six months ended June 30, 2000 | Six months ended June 30, 1999 |
|---|---|---|---|---|
| Revenues (Note H): | | | | |
| Ongoing operations | $ 464,165 | $ 407,508 | $ 867,083 | $ 764,637 |
| Sold businesses | 12,363 | 12,888 | 17,664 | 29,164 |
| | 476,528 | 420,396 | 884,747 | 793,801 |
| Costs and expenses: | | | | |
| Costs of sales and services | 416,306 | 365,648 | 783,234 | 708,653 |
| Corporate activities | 4,757 | 5,141 | 9,518 | 10,294 |
| Net interest expense | 2,298 | 7,132 | 4,431 | 13,627 |
| Minority interests | 370 | 785 | 508 | 1,286 |
| | 423,731 | 378,706 | 797,691 | 733,860 |
| Income before income taxes | 52,797 | 41,690 | 87,056 | 59,941 |
| Income taxes | 10,489 | 8,666 | 18,695 | 12,067 |
| INCOME FROM CONTINUING OPERATIONS | 42,308 | 33,024 | 68,361 | 47,874 |
| Income from discontinued operations | | 11,143 | | 16,678 |
| NET INCOME | $ 42,308 | $ 44,167 | $ 68,361 | $ 64,552 |
| DILUTED INCOME PER COMMON SHARE: | | | | |
| CONTINUING OPERATIONS | $ 0.46 | $ 0.33 | $ 0.74 | $ 0.48 |
| Discontinued operations | | 0.12 | | 0.17 |
| Net income per share | $ 0.46 | $ 0.45 | $ 0.74 | $ 0.65 |
| BASIC INCOME PER COMMON SHARE: | | | | |
| Continuing operations | $ 0.47 | $ 0.34 | $ 0.76 | $ 0.49 |
| Discontinued operations | | 0.12 | | 0.18 |
| Net income per share | $ 0.47 | $ 0.46 | $ 0.76 | $ 0.67 |
| Average outstanding common shares | 89,301 | 94,863 | 89,608 | 94,751 |
| Additional dilutive shares related to stock-based compensation | 2,447 | 3,645 | 2,369 | 3,729 |
| Average outstanding and potentially dilutive common shares | 91,748 | 98,508 | 91,977 | 98,480 |
| Dividends declared per common share | $ 0.09 | $ 0.09 | $ 0.18 | $ 0.17 |
| Preferred stock dividends | $ 284 | $ 282 | $ 567 | $ 565 |

**See Notes to Consolidated Financial Statements.**

## VIAD CORP
## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

| (000 omitted) | Quarter ended June 30, 2000 | Quarter ended June 30, 1999 | Six months ended June 30, 2000 | Six months ended June 30, 1999 |
|---|---|---|---|---|
| Net income | $ 42,308 | $ 44,167 | $ 68,361 | $ 64,552 |
| Other comprehensive income (loss), net of tax: | | | | |
| Unrealized gain (loss) on securities classified as available for sale: | | | | |
| Holding gains (losses) arising during the period | 1,030 | (39,283) | 16,836 | (43,430) |
| Reclassification adjustment for realized gains included in net income | (673) | (802) | (819) | (2,209) |
| | 357 | (40,085) | 16,017 | (45,639) |
| Unrealized foreign currency translation adjustments: | | | | |
| Holding gains (losses) arising during the period | (1,829) | 1,022 | (2,184) | 1,203 |
| Other comprehensive income (loss) | (1,472) | (39,063) | 13,833 | (44,436) |
| Comprehensive income | $ 40,836 | $ 5,104 | $ 82,194 | $ 20,116 |

**See Notes to Consolidated Financial Statements.**

**VIAD CORP**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
(Unaudited)

| (000 omitted) | Six months ended June 30, 2000 | 1999 |
|---|---|---|
| CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES: | | |
| Net income | $ 68,361 | $ 64,552 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 35,499 | 30,114 |
| Deferred income taxes | 12,543 | (9,025) |
| Income from discontinued operations | | (16,678) |
| Gains on sales of businesses, property and other assets, net | (2,390) | (4,391) |
| Other noncash items, net | 2,011 | 6,133 |
| Change in operating assets and liabilities: | | |
| Receivables and inventories | (49,451) | 4,383 |
| Payment service assets and obligations, net | 219,427 | 398,115 |
| Accounts payable and accrued compensation | 10,661 | (16,250) |
| Other assets and liabilities, net | (3,772) | (5,998) |
| Net cash provided by operating activities | 292,889 | 450,955 |
| CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES: | | |
| Capital expenditures | (18,590) | (25,456) |
| Acquisitions of businesses, net of cash acquired | (24,155) | (10,587) |
| Proceeds from sales of businesses, property and other assets, net | 2,858 | 53,991 |
| Proceeds from sales and maturities of securities | 970,835 | 581,316 |
| Purchases of securities | (1,175,860) | (981,208) |
| Cash used by discontinued operations | | (34,598) |
| Net cash used by investing activities | (244,912) | (416,542) |
| CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES: | | |
| Payments on long-term borrowings | (30,319) | (2,337) |
| Net change in short-term borrowings | 39,805 | 33,000 |
| Dividends on common and preferred stock | (16,728) | (16,754) |
| Exercise of stock options | 7,084 | 16,240 |
| Common stock purchased for treasury | (38,457) | (55,010) |
| Net cash used by financing activities | (38,615) | (24,861) |
| Net increase in cash and cash equivalents | 9,362 | 9,552 |
| Cash and cash equivalents, beginning of year | 33,106 | 15,554 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | $ 42,468 | $ 25,106 |

**See Notes to Consolidated Financial Statements.**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

### NOTE A - BASIS OF PREPARATION

The Consolidated Financial Statements of Viad Corp ("Viad") include the accounts of 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 on Form 10-K for the year ended December 31, 1999.

On July 13, 2000, Viad completed the sale of its concession operations at America West Arena and Bank One Ballpark in Phoenix, Arizona. The sale of the concession operations will be recorded in the third quarter of 2000.

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 June 30, 2000, and its results of operations and its cash flows for the quarters and six months ended June 30, 2000 and 1999 have been included. Interim results of operations are not necessarily indicative of the results of operations for the full year.

Certain prior year amounts have been reclassified to conform with the 2000 presentation.

### NOTE B - ASSETS RESTRICTED FOR PAYMENT SERVICE OBLIGATIONS

Viad's Payment Services subsidiaries generate funds from the sale of money orders and other payment instruments, with the related liabilities classified as "Payment service obligations." Substantially all of the proceeds of such sales, along with certain additional subsidiary funds, are invested in permissible securities, principally debt instruments. Such investments, along with related cash and funds in transit, are restricted by state regulatory agencies for use by the subsidiary to satisfy the liability to pay, upon presentment, the face amount of such payment service obligations. In addition, certain funds and other investments and the fair value of off-balance-sheet swap agreements (described below) of Payment Services subsidiaries are available if necessary to meet such obligations. Accordingly, such assets of Payment Services subsidiaries are not available to satisfy working capital or other financing requirements of Viad.

As described in notes to Viad's annual financial statements, a Payment Services subsidiary hedges a substantial portion of the variable rate commission payments to its selling agents and the variable rate expense of selling receivables from its bill payment and money order agents through the purchase of swap agreements. The swap agreements effectively convert such variable rate payments to fixed rate payments. The fair value of such swap agreements, while not recorded on Viad's Consolidated Balance Sheets, normally increases when the fair values of fixed rate, long-term debt investments held by Payment Services subsidiaries decline (and vice versa).

Under normal circumstances, the swap agreements will not be terminated prior to maturity, nor is there any requirement to sell long-term debt securities prior to maturity, as the funds flow from ongoing sales of money orders and other payment instruments and funds from maturing long-term and short-term investments are expected to be adequate to settle payment service items as they are presented.

The following is a summary of asset and liability carrying amounts related to the payment service obligations, including additional subsidiary funds and the fair value of related off-balance-sheet swap agreements:

| (000 omitted) | June 30, 2000 | December 31, 1999 |
|---|---|---|
| Funds, agents' receivables and current maturities of investments restricted for payment service obligations, including $25,000 and $50,000 invested in Viad commercial paper (1) | $ 805,524 | $ 652,893 |
| Investments restricted for payment service obligations (2) | 3,248,764 | 2,936,171 |
| Other assets available for payment service obligations | 14,307 | 3,009 |
| Payment service obligations | (3,988,729) | (3,587,834) |
| Fair value of off-balance-sheet swap agreements (3) | 58,991 | 56,708 |
| Total | $ 138,857 | $ 60,947 |

(1) The commercial paper is supported by Viad's revolving bank credit agreement (see Note E).

(2) Securities classified as "available for sale" are carried at market value, and securities classified as "held to maturity" are carried at amortized cost in accordance with Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" (see Note C). The decrease in the unrealized loss for the first six months of 2000 was due principally to decreases in longer-term market interest rates.

(3) The fair value represents the estimated amounts that Viad would receive from counterparties to terminate the swap agreements at June 30, 2000 and December 31, 1999.

**NOTE C - INVESTMENTS RESTRICTED FOR PAYMENT SERVICE OBLIGATIONS**

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

| (000 omitted) | June 30, 2000 | December 31, 1999 |
|---|---|---|
| Securities classified as available for sale, at fair value (amortized cost of $2,355,930 and $2,278,793) | $ 2,270,841 | $ 2,167,250 |
| Securities classified as held to maturity, at amortized cost (fair value of $985,184 and $771,668) | 990,130 | 788,068 |
| | 3,260,971 | 2,955,318 |
| Less current maturities | (12,207) | (19,147) |
| | $ 3,248,764 | $ 2,936,171 |

## NOTE D - NET INTEREST EXPENSE

Net interest expense consists of the following:

| (000 omitted) | Quarter ended June 30, 2000 | Quarter ended June 30, 1999 | Six months ended June 30, 2000 | Six months ended June 30, 1999 |
|---|---|---|---|---|
| Interest expense | $ 6,041 | $ 7,132 | $ 12,652 | $ 13,627 |
| Interest income (1) | (3,743) | | (8,221) | |
| Net interest expense | $ 2,298 | $ 7,132 | $ 4,431 | $ 13,627 |

(1) Represents income related to investment of a portion of the proceeds from the sale of Dobbs International Services, Inc. (sold July 1, 1999). These securities are included in the Consolidated Balance Sheets under the caption, "Investments in securities" with the current portion and investments with original maturities of three months or less included under the caption, "Short-term investments."

## NOTE E - DEBT

At June 30, 2000 and December 31, 1999, Viad classified as long-term debt $84,137,000 and $44,000,000, respectively, of short-term borrowings which, along with the $25,000,000 and $50,000,000, respectively, of commercial paper issued to a Viad Payment Services subsidiary, are supported by unused commitments under a $300,000,000 long-term revolving bank credit agreement.

## 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 six months ended June 30, is as follows:

| (000 omitted) | 2000 | 1999 |
|---|---|---|
| Computed income taxes at statutory federal income tax rate of 35% | $ 30,470 | $ 20,979 |
| Nondeductible goodwill amortization | 1,682 | 1,624 |
| State income taxes | 1,800 | 1,244 |
| Tax-exempt income | (17,072) | (13,271) |
| Adjustment to estimated annual effective rate | 1,900 | 1,750 |
| Other, net | (85) | (259) |
| Provision for income taxes | $ 18,695 | $ 12,067 |

## NOTE G - IMPACT OF STAFF ACCOUNTING BULLETIN

In December 1999, the Securities and Exchange Commission ("SEC") released Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB 101") that summarizes the SEC's views in applying generally accepted accounting principles to revenue recognition in financial statements. Adoption of SAB 101 is not expected to have a material effect on Viad's financial position, results of operations or cash flows.

**NOTE H - SUPPLEMENTARY INFORMATION - REVENUES AND OPERATING INCOME**

Viad measures profit and performance of its operations on the basis of operating income before nonrecurring items. An adjustment is made to the Payment Services segment to present revenues and operating income on a fully taxable equivalent basis for income resulting from investments in tax-exempt securities. Intersegment sales and transfers are not significant. Corporate activities include expenses not allocated to operations. Consolidated revenues, operating income and interest expense reflect the elimination of intercompany interest payments on investments in Viad commercial paper by a Payment Services subsidiary.Disclosures regarding Viad's reportable segments along with reconciliations to consolidated totals are presented below.

| | Quarter ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| (000 omitted) | 2000 | 1999 | 2000 | 1999 |
| Revenues: | | | | |
| Payment Services | $ 167,635 | $ 141,845 | $ 319,485 | $ 272,980 |
| Convention and Event Services | 295,638 | 259,831 | 557,490 | 494,951 |
| Reportable segments | 463,273 | 401,676 | 876,975 | 767,931 |
| Travel and Recreation Services | 18,415 | 20,413 | 22,915 | 24,275 |
| SUBTOTAL, ONGOING OPERATIONS | 481,688 | 422,089 | 899,890 | 792,206 |
| Sold travel and recreation businesses (1) | 12,363 | 12,888 | 17,664 | 29,164 |
| Intercompany interest elimination | (677) | (1,671) | (1,622) | (3,326) |
| Less taxable equivalent adjustment | (16,846) | (12,910) | (31,185) | (24,243) |
| | $ 476,528 | $ 420,396 | $ 884,747 | $ 793,801 |
| Operating income: | | | | |
| Payment Services | $ 38,310 | $ 30,322 | $ 68,056 | $ 54,452 |
| Convention and Event Services | 33,326 | 33,292 | 60,790 | 57,330 |
| Reportable segments | 71,636 | 63,614 | 128,846 | 111,782 |
| Travel and Recreation Services | 4,815 | 3,509 | 3,317 | 1,644 |
| SUBTOTAL, ONGOING OPERATIONS | 76,451 | 67,123 | 132,163 | 113,426 |
| Sold travel and recreation businesses (1) | 1,294 | 2,206 | 2,157 | (709) |
| Corporate activities | (4,757) | (5,141) | (9,518) | (10,294) |
| Intercompany interest elimination | (677) | (1,671) | (1,622) | (3,326) |
| Less taxable equivalent adjustment | (16,846) | (12,910) | (31,185) | (24,243) |
| | 55,465 | 49,607 | 91,995 | 74,854 |
| Net interest expense | (2,298) | (7,132) | (4,431) | (13,627) |
| Minority interests | (370) | (785) | (508) | (1,286) |
| Income before income taxes | $ 52,797 | $ 41,690 | $ 87,056 | $ 59,941 |

(1) On July 13, 2000, Viad completed the sale of its concession operations at America West Arena and Bank One Ballpark in Phoenix, Arizona. The sold travel and recreation businesses category includes revenues and operating results of the sold concession operations through June 30, 2000, along with the results of other sold businesses not classified as discontinued operations up to their respective dates of sale. The sale of the concession operations will be recorded in the third quarter of 2000.

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

**RESULTS:**

Viad Corp ("Viad") focuses on two principal service businesses: Payment Services and Convention and Event Services.

On July 13, 2000, Viad completed the sale of its concession operations at America West Arena and Bank One Ballpark in Phoenix, Arizona. The sold travel and recreation businesses category includes revenues and operating results of the sold concession operations through June 30, 2000, along with the results of other sold businesses not classified as discontinued operations up to their respective dates of sale. The sale of the concession operations will be recorded in the third quarter of 2000.

There were no other 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 "Results of Operations" section of Management's Discussion and Analysis of Results of Operations and Financial Condition presented in the Viad Corp Annual Report on Form 10-K for the year ended December 31, 1999.

All per share figures discussed are stated on the diluted basis.

**COMPARISON OF SECOND QUARTER OF 2000 TO THE SECOND QUARTER OF 1999:**

In the second quarter of 2000, revenues increased $56.1 million, or 13.4 percent, to $476.5 million from $420.4 million in 1999. Revenues of ongoing operations on a fully taxable equivalent basis, excluding the sold travel and recreation businesses, rose 14.1 percent for the quarter.

Income from continuing operations for the second quarter of 2000 was $42.3 million, or $0.46 per share, an increase of 39.4 percent on a per share basis from the 1999 second quarter income from continuing operations of $33.0 million, or $0.33 per share. Cash earnings per share on the diluted basis, defined as income from continuing operations plus after-tax goodwill amortization, was $0.50, up 39 percent from the 1999 second quarter. Cash earnings per share does not represent a measure of cash flows from operations as defined by generally accepted accounting principles, and may not be comparable to similarly titled measures reported by other companies.

Net income for the second quarter of 2000 was also $42.3 million, or $0.46 per share, compared to $44.2 million, or $0.45 per share, in the second quarter of 1999. The second quarter of 1999 included $11.1 million, or $0.12 per share, income from discontinued operations, representing the operating results of Dobbs International Services, Inc. ("Dobbs"), sold July 1, 1999.

There were 6.8 million fewer average outstanding and potentially dilutive common shares in the second quarter of 2000 than in the second quarter of 1999, due primarily to stock repurchases made in 2000. In addition, a lower average Viad stock price in 2000 contributed to fewer additional dilutive shares related to unexercised stock options.

PAYMENT SERVICES. A Payment Services subsidiary invests substantial amounts of its growing money order and official check funds in tax-exempt securities, which have lower pre-tax yields but produce higher income on an after-tax basis than comparable taxable investments. On the fully taxable equivalent basis, second quarter 2000 revenues of the Payment Services segment were $167.6 million, up $25.8 million, or 18.2 percent, from 1999 second quarter revenues. Operating income increased $8.0 million, or 26.3 percent. Operating margins on the fully taxable equivalent basis were 22.9 percent in the second quarter of 2000, up from 21.4 percent in the 1999 first quarter. Results were driven by continuing strong growth and the ramp up of key new accounts in official check and money orders which resulted in higher investment income. Average invested funds grew 30 percent over the 1999 quarter. Game Financial's solid operations also contributed to the quarter. Transaction volume growth for MoneyGram was strong in Latin America and international money transfers, offset partially by continued weakness in the U.S.-to-Mexico corridor. The number of MoneyGram agent locations grew 20 percent year-over-year and increased 26 percent internationally.

CONVENTION AND EVENT SERVICES. Convention and Event Services revenues increased $35.8 million, or 13.8 percent, to $295.6 million in the second quarter of 2000. Operating income for the segment was even with that of the second quarter of 1999. Operating margins were 11.3 percent in the second quarter of 2000 versus 12.8 percent in the second quarter of 1999. Exhibitgroup/Giltspur reported strong gains in both revenue and operating income. GES Exposition Services also reported higher revenues for the quarter, but show rotation, higher show production costs and slower than anticipated profit generation on start-up products resulted in lower operating income compared to the 1999 quarter. Pressure on operating margins will continue into the third quarter as GES continues to focus on cost reduction efforts.

TRAVEL AND RECREATION SERVICES. Revenues of the ongoing travel and recreation businesses were $18.4 million for the second quarter of 2000, down $2.0 million, or 9.8 percent, from 1999 second quarter revenues, while operating income was up $1.3 million, or 37.2 percent, in the second quarter of 2000. The decrease in revenue relates primarily to the discontinuance of a lower margin package tour business, along with increased competition in the charter and sightseeing business. Operating income increased due to higher margins and cost reductions.

CORPORATE ACTIVITIES. Expenses of corporate activities decreased 7.5 percent in the second quarter of 2000 compared to the second quarter of 1999.

NET INTEREST EXPENSE. Interest income of $3.7 million in the second quarter was generated from the investment of the cash proceeds remaining from the July 1, 1999 sale of Dobbs after repayment of short-term borrowings, repurchase of treasury shares and the funding of acquisitions. Interest expense in the second quarter of 2000 decreased $1.1 million from that in the 1999 second quarter as a result of lower average borrowings during the 2000 quarter, offset partially by the effects of higher short-term interest rates.

INCOME TAXES. The effective tax rate in the 2000 second quarter was 19.9 percent compared to 20.8 percent for the second quarter 1999. The relatively low effective tax rate is primarily attributable to tax-exempt investment income from Viad's Payment Services businesses.

**COMPARISON OF FIRST SIX MONTHS OF 2000 TO THE FIRST SIX MONTHS OF 1999:**

Revenues for the first six months of 2000 increased $90.9 million, or 11.5 percent, to $884.7 million from $793.8 million in 1999. Revenues of ongoing operations on a fully taxable equivalent basis, excluding the sold travel and recreation businesses, rose 13.6 percent.

Income from continuing operations for the first six months of 2000 was $68.4 million, or $0.74 per share, an increase of 54.2 percent on a per share basis from the 1999 six months income from continuing operations of $47.9 million, or $0.48 per share. Cash earnings per share, as defined above, was $0.82 for the first six months of 2000, up 52 percent from the 1999 period.

Net income for the first six months of 2000 was also $68.4 million, or $0.74 per share, compared to $64.6 million, or $0.65 per share, in the first six months of 1999. The first six months of 1999 included $16.7 million, or $0.17 per share, from discontinued operations, representing the operating results of Dobbs.

There were 6.5 million fewer average outstanding and potentially dilutive common shares in the first six months of 2000 than in the first six months of 1999, due primarily to stock repurchases made in 2000. In addition, a lower average Viad stock price in 2000 contributed to fewer additional dilutive shares related to unexercised stock options.

PAYMENT SERVICES. On the fully taxable equivalent basis, revenues of the Payment Services segment for the first six months of 2000 were $319.5 million, up $46.5 million, or 17.0 percent, from 1999 six month revenues, while operating income increased $13.6 million, or 25.0 percent. Operating margins on the fully taxable equivalent basis were 21.3 percent for the first six months of 2000, up from 19.9 percent in the first six months of 1999. Results were driven by continuing strong growth in money order, official check and Game Financial operations, with the ramp up of key new accounts contributing to the gains. Transaction volume for MoneyGram grew in the low double digits over the prior year, with strong growth in Latin America and international, offset partially by continued weakness in the U.S.-to-Mexico corridor.

CONVENTION AND EVENT SERVICES. Convention and Event Services revenues increased $62.5 million, or 12.6 percent, to $557.5 million from $495.0 million in the 1999 six month period. Operating income for the segment increased to $60.8 million, up $3.5 million from $57.3 million in the 1999 six months. Operating margins were 10.9 percent compared with 11.6 percent in 1999. Exhibitgroup/Giltspur reported strong gains in both revenue and operating income. GES Exposition Services also reported higher revenues for the period, but show rotation, higher show production costs and slower than anticipated profit generation on start-up products resulted in lower operating income and margins compared to the first six months of 1999.

TRAVEL AND RECREATION SERVICES. For the first six months of 2000, revenues of the ongoing travel and recreation businesses were $22.9 million, down $1.4 million, or 5.6 percent, from the first six months of 1999, while operating income increased $1.7 million for the same period. The decrease in revenue relates primarily to the discontinuance of a lower margin package tour business, along with increased competition in the charter and sightseeing business. Operating income increased due to higher margins and cost reductions.

CORPORATE ACTIVITIES. Expenses of corporate activities decreased 7.5 percent for the first six months of 2000 compared to the first six months of 1999.

NET INTEREST EXPENSE. Interest income of $8.2 million in the first six months of 2000 was generated from the investment of the cash proceeds remaining from the July 1, 1999 sale of Dobbs after repayment of short-term borrowings, repurchase of treasury shares and the funding of acquisitions. Interest expense for the first six months of 2000 was $12.7 million compared to $13.6 million for the comparable period of 1999. Lower average borrowings during 2000 were partially offset by the effects of an increase in short-term interest rates.

INCOME TAXES. The effective tax rate for the first six months of 2000 was 21.5 percent compared to 20.1 percent for the first six months of 1999. The relatively low effective tax rate is primarily attributable to tax-exempt investment income from Viad's Payment Services businesses.

**LIQUIDITY AND CAPITAL RESOURCES:**

Viad's total debt at June 30, 2000 was $399.1 million compared with $389.3 million at December 31, 1999. The debt-to-capital ratio was 0.35 to 1 at June 30, 2000 and at December 31, 1999.

During the first six months of 2000, Viad repurchased 1,519,000 treasury shares for $38.5 million under Viad's stock repurchase programs. Net proceeds from the exercise of stock options, including tax benefits on stock option exercises, totaled $7.1 million during the first six months of 2000.

The balance of the investments in securities arising from the July 1, 1999 sale of Dobbs totaled $194.7 million at June 30, 2000. The balance declined $74.2 million since December 31, 1999, primarily as a result of funding acquisitions during the first quarter of 2000 and the repurchase of treasury shares.

EBITDA is a measure of Viad's ability to service debt, fund capital expenditures and finance growth, and should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with generally accepted accounting principles. EBITDA is defined by Viad as income from continuing operations before interest expense, income taxes, depreciation and amortization and includes the fully taxable equivalent adjustment. EBITDA for the first six months of 2000 was $166.4 million, an increase of 30.1 percent over that of the comparable 1999 period.

In May 2000, a Viad Payment Services subsidiary amended its agreement to sell undivided percentage ownership interests in certain receivables from bill payment and money order agents. The maximum amount to be sold under the agreement was increased from $400 million to $450 million.

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 on Form 10-K for the year ended December 31, 1999.

**FORWARD-LOOKING STATEMENTS:**

As provided by the safe harbor provision under the "Private Securities Litigation Reform Act of 1995," Viad cautions readers that, in addition to the historical information contained herein, this Quarterly Report on Form 10-Q includes certain forward-looking statements, assumptions and discussions, including those relating to expectations of or current trends in future growth, productivity improvements, consumer demand, new business, investment policies, cost reduction efforts and market risk disclosures. Such statements involve risks and uncertainties which may cause results to differ materially from those set forth in those statements. Among other things, consumer demand patterns, purchasing decisions related to customer demand for convention and event services, existing and new competition, industry alliances and consolidation and growth patterns within the industries in which Viad competes may individually or in combination impact future results. In addition to the factors mentioned elsewhere, economic, competitive, governmental, technological, capital marketplace and other factors could affect the forward-looking statements contained in this filing.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

As described in Note B, debt and equity securities classified as "available for sale" are carried at fair value, with the net unrealized holding gain or loss included in the Consolidated Balance Sheets as a component of "Accumulated other comprehensive income." A portion of Viad's Payment Services business involves the payment of commissions to selling agents of its official check program. A Viad Payment Services subsidiary has also entered into agreements to sell receivables from its bill payment and money order agents. The agent commissions and expense of selling receivables are computed based on short-term variable interest rates that subject Viad to risk arising from changes in such rates. Viad has hedged a substantial portion of this risk through the purchase of swap agreements which convert the variable rate payments to fixed rates. Viad is also exposed to short-term interest rate risk on certain of its debt obligations and trade accounts receivable sales.

Based on a hypothetical 10 percent proportionate increase in interest rates from the average level of interest rates during the last twelve months, and taking into consideration expected investment positions, commissions payable to selling agents, growth in new business, the effects of the swap agreements and the expected borrowing level of variable-rate debt, the annual increase in pre-tax income would be approximately $932,000. A hypothetical 10 percent proportionate decrease in interest rates, based on the same set of assumptions, would result in an annual decrease in pre-tax income of approximately $766,000.

The fair value of securities classified as available for sale, the fair value of the swap agreements and the fair value of fixed-rate debt are sensitive to changes in interest rates. A 10 percent proportionate increase in interest rates would result in an estimated decrease in the fair value of securities classified as available for sale of approximately $99.1 million (along with an after-tax decrease in accumulated other comprehensive income of approximately $60.4 million), an estimated off-balance-sheet increase in the fair value of Viad's swap agreements of approximately $48.5 million and an estimated off-balance-sheet decrease in the fair value of Viad's fixed-rate debt of approximately $3.7 million. A 10 percent proportionate decrease in interest rates would result in an estimated increase in the fair value of securities classified as available for sale of approximately $93.3 million (along with an after-tax increase in accumulated other comprehensive income of approximately $56.9 million), an estimated off-balance-sheet decrease in the fair value of Viad's swap agreements of approximately $48.5 million and an estimated off-balance-sheet increase in the fair value of Viad's fixed-rate debt of approximately $3.8 million.

## PART II. OTHER INFORMATION

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

(a) The annual meeting of stockholders of Viad Corp was held May 9, 2000.

(b) Not applicable-(i) proxies for the meeting were solicited pursuant to Regulation 14 under the Securities Exchange Act of 1934; (ii) there was no solicitation in opposition to management's nominees as listed in the proxy statement; and (iii) all such nominees were elected.

(c) Matters voted upon at the annual meeting for which proxies were solicited pursuant to Regulation 14 under the Securities Exchange Act of 1934:

1. The election of Directors as follows:

| | |
|---|---|
| Robert H. Bohannon | |
| Affirmative Vote ............................ | 80,554,468 |
| Withheld Authority .......................... | 1,014,481 |
| Douglas L. Rock | |
| Affirmative Vote ............................ | 80,697,309 |
| Withheld Authority .......................... | 871,640 |
| John C. Tolleson | |
| Affirmative Vote ............................. | 80,930,157 |
| Withheld Authority ........................... | 638,792 |

2. The appointment of Deloitte & Touche LLP to audit the accounts of Viad and its subsidiaries for the fiscal year 2000.

| | |
|---|---|
| Affirmative Vote ............................ | 81,116,452 |
| Against .................................... | 352,801 |
| Abstentions ................................ | 99,696 |

**ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K**

(a) Exhibit No. 10A - Copy of employment agreement between Viad Corp and Paul B. Mullen dated March 1, 2000

Exhibit No. 10B - Copy of amendment dated May 9, 2000 to Viad Corp Supplemental Pension Plan (Amended and Restated as of December 1, 1999)

Exhibit No. 10C - Copy of amendment dated May 9, 2000 to Travelers Express Company, Inc. Supplemental Pension Plan dated March 30, 1997

Exhibit No. 10D - Copy of amendment dated May 9, 2000 to GES Exposition Services, Inc. Supplemental Executive Retirement Plan, as amended effective January 1, 1998

**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)

*July 25, 2000*

*By /s/ Catherine L. Stevenson*
*Catherine L. Stevenson*
*Vice-President - Controller*
*(Chief Accounting Officer*
*and Authorized Officer)*

**Exhibit 10A**

Viad Corp
1850 North Central Avenue
Phoenix, AZ 85077
602-207-4000

March 1, 2000

Mr. Paul B. Mullen
2332 Timberline Way
Las Vegas, Nevada 89117

Dear Paul:

The provisions of this letter shall be effective as of March 1, 2000 ("Commencement Date"), and shall constitute an "Agreement" governing your employment with GES Exposition Services, Inc. ("GES"), a wholly-owned subsidiary of Viad Corp ("Employer"). Effective upon the Commencement Date, the term of the letter agreement dated as of April 25, 1996, between Employer and you shall be deemed to have expired. In consideration of your entering into this Agreement, you release and discharge Employer and GES from all claims in connection with the prior agreement.

1. Employment. You shall be employed as Chairman of GES during the term of this Agreement. Unless you first obtain the written consent of the Employer, you will devote your best efforts, energies, skills and all of your working time to the discharge of the duties and responsibilities as may from time-to-time be prescribed by GES' President and Chief Executive Officer and/or Employer's Chairman or Board of Directors (including, but not limited to, developing new business, helping retain existing customers and partnering customers); to serve the best interest of Employer and GES; to perform your tasks to the reasonable satisfaction of GES; and to be responsible to GES' President and Chief Executive Officer and/or Employer's Chairman for the performance of the business of GES and its subsidiaries. You understand that your duties may require you to travel outside of the State of Nevada from time to time. However, you shall have as your principal office the offices of the Employer in Las Vegas, Nevada throughout the term of this Agreement and the Employer may not assign you for a period to exceed thirty (30) days to a geographic location outside Clark County without your permission. Written consent of the Employer shall not be required as to your reasonable participation in educational, consultative, and professional society activities related to the maintenance of your qualifications and stature in your professional community.

2. Term.

(a) The initial term of your employment shall commence on the Commencement Date and continue for a period of one (1) year thereafter, and shall be automatically renewed for successive one year terms, subject to termination as provided below.

(b) Employer and you may terminate your employment under this Agreement at any time, with or without cause, upon thirty (30) days' prior written notice to the other party at any time after three (3) months after the Commencement Date.

3. Compensation. You will be provided a base compensation of $322,905 per year (prorated for partial years during the term of employment). This base compensation will remain fixed for a period of time until Employer determines when market conditions would indicate merit increases, based upon your performance, should commence. You will be entitled to participate in incentive compensation plans of Employer which shall include Employer's Management Incentive Plan ("MIP") with a target eligibility of 45% of base compensation, and, subject to Employer's Board approval, will be eligible to participate in Employer's Stock Option Program, Performance Unit Incentive Plan, and Performance-Based Stock Plan.

4. Other Benefits. You shall be entitled to all fringe benefits or perquisites provided by Employer or GES to its executives, generally using, whenever applicable, base compensation as the basis for determining such benefit. The benefits shall include, inter alia, participation in the Employer's Executive Severance Plan, executive health, dental, life and disability plans, and the GES 401K Plan and the GES Supplemental Employees Retirement Plan.

In addition, in your case, such benefits or perquisites shall also include the use of a luxury automobile, financial counseling, a country club's monthly dues (excluding initiation fees), and a luncheon and health club dues. You are also authorized to obtain first class air travel on Employer or GES business.

5. Noncompete. In exchange for the additional consideration given pursuant to paragraph 6 below, upon termination of your employment (by either you or Employer), you will not, either for yourself or for another, or as an employee, independent contractor, partner, consultant, affiliate or controlling stockholder of any person or entity, (Nothing contained herein shall prevent you from purchasing stock or issue of debt securities in any corporation listed on any stock exchange or traded in the over-the-counter market provided that such purchases shall not result in your ownership, in the aggregate, directly or indirectly, five percent [5%] or more of the securities of any corporation or other entity) for a period of twelve (12) months from the date of such termination in connection with (a) and (b) below and for a period of two (2) years from the date of such termination in connection with (c) below, directly or indirectly:

(a) Call upon, solicit, divert or attempt to take away any of the customers or business of GES, Exhibitgroup/Giltspur or any of their affiliated companies (collectively, "Companies"); provided, however that such activity shall not be deemed a violation of this covenant if on behalf of an entity not in direct or indirect competition with the Companies;

(b) Induce or attempt to induce any employee of Companies to discontinue their employment with any of the Companies; or

(c) Disclose, make available or divulge to any corporation, partnership, individual, firm, other business or person any trade secrets, customer lists, business policies, pricing of services, financial information or other confidential or secret information concerning the business and affairs of the Companies, except: (1) information or knowledge which may now be in or subsequently may come into the public domain other than by way of unauthorized disclosure by you or anyone else owing a nondisclosure or confidentiality obligation to Employer; (2) information consisting of nothing more than the product of ordinary skill generally expected of comparable employees in the industry; or (3) information or knowledge which you are required to disclose by order of a governmental agency or court, if you notify Employer in advance of the disclosure requirement and reasonably assists Employer in obtaining protective orders or other available assurances of confidentiality if Employer so requests.

You acknowledge that if your employment with Employer terminates for any reason, you will be able to earn a livelihood without violating the foregoing restrictions and that your ability to earn a livelihood without violating such restrictions is a material condition to your employment with Employer.

6. Additional Consideration. Upon termination of your employment by you or Employer, Employer shall pay to you as severance and as further compensation for the above covenant not to compete twelve (12) months base compensation at your then current salary as follows:

(a) The payment shall be made monthly over an twelve (12) month period in accordance with the payroll practices of Employer. In no event shall you be obligated to seek other employment or take any other action to mitigate the amounts payable to you under this Agreement. However, at the sole option of the Employer, the Employer may elect instead to pay you a termination payment equal to the present value of the aggregate amount of base salary compensation that would have been payable to you over salary continuation period. In either event, you shall be entitled to continue to be covered over such eighteen (18) month period by all fringe benefits or perquisites to which you were entitled as of the date of termination, at the same coverage levels and on the same terms and conditions which applied immediately prior to the date of your termination of employment;

(b) Any Bonus to which you would have become entitled under paragraph 3, prorated, as applicable, except in the event of termination for cause pursuant to subparagraph 7(a);

(c) All of your stock options in the Employer's stock option plan shall become immediately and fully vested and exercisable if termination is elected by Employer, except in the event of termination for cause pursuant to subparagraph 7(a); and

(d) During the salary continuation period pursuant to subparagraph 6(a), you and your spouse and dependents shall be entitled to continue to be covered by all group medical, health, dental and accident insurance or other such health care arrangements in which you were a participant as of the date of termination, at the same coverage levels and on the same terms and conditions which applied immediately prior to the date of your termination of employment; provided, however, that if, as the result of the termination of your employment, you and/or your otherwise eligible dependents or beneficiaries shall become ineligible for benefits under any one or more of the Employer's benefit plans, the Employer shall continue to provide you and your eligible dependents or beneficiaries, through other means, with benefits at a level at least reasonably equivalent to the level of benefits for which you and your dependents and beneficiaries were eligible under such plans immediately prior to the date of your termination of employment. At the termination of the benefits coverage under the preceding sentence, you and your spouse and dependents shall be entitled to continuation coverage as required by the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") or under any other applicable law, as if you had terminated employment with the Employer on the date such benefits coverage terminates.

7. Termination.

(a) Termination for Cause. Employer may suspend or terminate this Agreement without additional compensation and your employment at any time should you:

(1) Become incapable for more than 180 days of satisfactorily performing the duties required of your position due to personal injury or other physical or mental illness or disease;

(2) Engage in activities that would constitute a material conflict of interest with Employer, GES or GES' subsidiaries;

(3) Be convicted of a felony, or a crime of moral turpitude, fraud or dishonesty, or commit an act which, in the reasonable judgment of a majority of Employer's Board of Directors, subjects Employer, GES or GES' subsidiaries to public disrespect, scandal or ridicule or adversely and

materially affects the utility of your services to Employer or GES; or

(4) Knowingly disregard or violate any instruction or policy established by Employer or GES with respect to the operation of the business and affairs of Employer, GES or GES's subsidiaries; provided, however that such instruction or policy does not require the commission of an act prohibited by law or which is in violation of the terms of this Agreement.

(b) Termination by Employee With Good Reason. Notwithstanding anything to the contrary in this Agreement, whether express or implied, subject, however, to the fulfilment of the obligations set forth in paragraph 5 above, you may, at any time, resign from employment with Employer With Good Reason. In the event your employment hereunder is terminated by you for Good Reason (as defined below), you shall be entitled to receive:

(1) Your base salary compensation and additional consideration as you would have received such amounts during the period as defined in Paragraph 6, as if you were still employed hereunder.

(2) For the purposes of this Agreement, "Good Reason" shall mean the occurrence of any one or more of the following events unless such events are fully cured within thirty (30) days following written notification by you to the Employer that you intend to terminate your employment hereunder for one or more of the reasons set forth below:

(i) a material breach by GES or Employer of any material provision of this Agreement, including but not limited to, the assignment to you of any duties inconsistent with your position or duties of employment;

(ii) assignment to you of any duties materially and adversely inconsistent with your position and responsibilities;

(iii) the Employer's requiring you to be based anywhere other than in the geographic area specified in Paragraph I without your written authorization;

(iv) any decrease during the Term in your Base Salary compensation; or

(v) the failure of a successor company to assume this Agreement, if such assumption is requested by you.

(c) Nondisparagement. Following the termination of employment in accordance with this paragraph 7, you will not take any action which disparages Companies, or their respective officers, directors, shareholders, agents or employees nor will you make any verbal or written disparaging statements. Further, Companies will not take any action which disparages you, nor will Companies. make any verbal or written statements which disparage you and will use its reasonable best efforts to ensure that none of its officers, directors, shareholders, agents or employees make any verbal or written statements which disparage you.

8. Further Assistance. During and after the term of this Agreement, you agree to cooperate with and assist Employer and GES as reasonably requested by Employer, at Employees expense, in any lawsuit, action, litigation, proceeding, claim or dispute with any third party that may arise involving GES's business; including, but not limited to, any lawsuit, action, litigation, proceeding, claim or dispute arising from allegations that operation of such business infringes the patent, trade secret or other intellectual property rights of any third party. After expiration of the salary continuation period defined in paragraph 6, Employer shall pay you reasonable fees pursuant to your providing such assistance.

9.Remedies. You acknowledge that a breach of the provisions of this Agreement irreparably and continually will harm Companies or their assigns, and that money damages may not be adequate. Consequently, you agree that if you breach or threaten to breach any of the restrictions herein, Companies shall be entitled to both a preliminary and permanent injunction in order to prevent the continuation of such harm. Nothing herein shall be construed to prohibit Companies from also pursuing other remedies, the parties having agreed that all remedies shall be cumulative.

10. Settlement by Arbitration. Employer and you agree that, except for the claims of either party hereto for injunctive relief, specific performance or any other equitable remedy, any claim or controversy that arises out of or relates to this Agreement, or the breach of it by either party, will be settled by arbitration in the State of Nevada, in accordance with the Employment Dispute Resolution Rules of the American Arbitration Association. The arbitrator mutually selected by the parties shall reside in Nevada or California.

11. General Provisions.

(a) Entire Agreement. This Agreement constitutes the entire agreement and understanding with respect to your employment by Employer and supersedes any and all prior agreements and understandings, whether oral or written, relating thereto. Notwithstanding the foregoing, nothing in this Agreement shall prevent or limit your participation in any benefit, bonus, incentive or other plan, program, policy, or practice provided by the Employer and for which you may qualify. Amounts which you are otherwise entitled to receive under any plan, practice, policy or program of the Employer and any other payment or benefit required by law at or subsequent to your effective date of termination shall be payable in accordance with such plan, practice, policy or program or applicable law except as explicitly modified by this Agreement. This Agreement shall not be modified or amended except by written agreement signed by both you and the Employer.

b) Modification of Restrictions. The parties have attempted to limit your right to compete in this Agreement only to the extent necessary to protect the Companies from unfair competition. The parties recognize, however, that reasonable people may differ in making such a determination. Consequently, the parties hereby agree that, if the scope or enforceability of the restrictive covenant is in any way disputed at any time, a court or other trier of fact may modify and enforce the covenant to the extent that it believes to be reasonable under the circumstances existing at that time.

(c) Severability. If any provision of this Agreement is adjudged by any court to be void or unenforceable in whole or in part, this adjudication shall not affect the validity of the remainder of the Agreement.

(d) Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with the laws of Nevada (without giving effect to choice of law or conflict of law principles), except to the extent governed by federal law, irrespective of the fact that one or more of the parties now is, or may become, a resident or citizen of a different state or country.

(e) Survival. The obligations imposed upon you in paragraphs 5, 6, 8, 9 and 10 shall survive termination of this Agreement or your employment with Employer.

(f) Assigns. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of Employer, but shall not be assignable by you.

(g) Notices. Any notice permitted or required hereunder shall be in writing and shall be deemed to have been given on the date of delivery or, if mailed by registered or certified mail, prepaid, on the date of mailing. If to you at the above address, or if to Employer at the above address, attention: General Counsel. Either party may, by notice to the other, change his or its address for notice hereunder.

If you accept employment on the terms and conditions set forth in this letter, please indicate by your signature in the space provided and return one copy to me.

Very truly yours,

*By: /s/ Robert H. Bohannon*
*-------------------------------------*
*Chairman, President and*
*Chief Executive Officer*

**ACCEPTED AND AGREED on this**
**11th day of April, 2000.**

*/s/ Paul B. Mullen*
*--------------------------*
*Paul B. Mullen*

**Exhibit 10B**

# AMENDMENT DATED MAY 9, 2000 TO VIAD CORP SUPPLEMENTAL PENSION PLAN

Section 13 of the Viad Corp Supplemental Pension Plan shall be amended by addition of the following in its place:

SECTION 13 NON-COMPETE AND FORFEITURE PROVISIONS:

"Notwithstanding any other provision in this Plan to the contrary, from and after January 1, 2000, an Eligible Employee's right to receive a benefit or future benefits under this Plan shall be governed by the following provisions:

(a) The right shall be conditioned upon certification by the Eligible Employee prior to their receipt of any future benefits under this Plan that the Eligible Employee has read and understands the non-compete and forfeiture provisions set forth in this Section 13, and that the Eligible Employee has no intent to engage in any activity or provide any services which are contrary to the spirit and intent of these provisions. The Eligible Employee's failure to so certify shall not constitute a waiver on the part of the Company as to the enforceability of these provisions under Section 13.

(b) In order to better protect the goodwill of the Company and its subsidiaries and to prevent the disclosure of the Company's or its subsidiaries' trade secrets and confidential information and thereby help insure the long-term success of the business, the Eligible Employee, without prior written consent of the Company, will not engage in any activity or provide any services, whether as a director, manager, supervisor, employee, adviser, agent, consultant, owner of more than five
(5) percent of any enterprise or otherwise, for a period of two (2) years following the date of the Eligible Employee's termination of employment with the Company, or its subsidiaries, in connection with the manufacture, development, advertising, promotion, design, or sale or any other activity in furtherance of any business enterprise, service or product which is the same as or similar to or competitive with or in any way adverse to any services or products or other activities of the Company or its subsidiaries (including both existing services or products as well as services or products known to the Eligible Employee, as a consequence of the Eligible Employee's employment with the Company or one of its subsidiaries, to be in development):

(1) with respect to which the Eligible Employee's work has been directly concerned at any time preceding termination of employment with the Company or any of its subsidiaries, or

(2) with respect to which during that period of time the Eligible Employee, as a consequence of the Eligible Employee's job performance and duties, acquired knowledge of the trade secrets or other confidential information of the Company or its subsidiaries.

For purposes of this Section 13, it shall be conclusively presumed that the Eligible Employee has knowledge of information he or she was directly exposed to through actual receipt or review of memos or documents containing such information, or through actual attendance at meetings at which such information was discussed or disclosed.

(c) If, at any time during the two (2) year period after the Eligible Employee's termination of employment from the Company or any of its subsidiaries, the Eligible Employee engages in any conduct described in Section (b) above, then the amount of any payments made to the Eligible Employee from the Plan during that period (without regard to tax effects) shall be paid by the Eligible Employee to the Company. The Eligible Employee consents to the deduction from any amounts the Company or any of its subsidiaries owes the Eligible Employee from time to time to the extent of the amount the Eligible Employee owes the Company hereunder.

**Exhibit 10C**

**AMENDMENT DATED MAY 9, 2000 TO TRAVELERS EXPRESS COMPANY, INC. SUPPLEMENTAL PENSION PLAN**

Section 11 of the Travelers Express Company, Inc. Supplemental Pension Plan shall be amended by addition of the following in its place:

SECTION 11 NON-COMPETE AND FORFEITURE PROVISIONS:

"Notwithstanding any other provision in this Plan to the contrary, from and after January 1, 2000, an Eligible Employee's right to receive a benefit or future benefits under this Plan shall be governed by the following provisions:

(a) The right shall be conditioned upon certification by the Eligible Employee prior to their receipt of any future benefits under this Plan that the Eligible Employee has read and understands the non-compete and forfeiture provisions set forth in this Section 11, and that the Eligible Employee has no intent to engage in any activity or provide any services which are contrary to the spirit and intent of these provisions. The Eligible Employee's failure to so certify shall not constitute a waiver on the part of the Company as to the enforceability of these provisions under Section 11.

(b) In order to better protect the goodwill of the Company and its subsidiaries and to prevent the disclosure of the Company's or its subsidiaries' trade secrets and confidential information and thereby help insure the long-term success of the business, the Eligible Employee, without prior written consent of the Company, will not engage in any activity or provide any services, whether as a director, manager, supervisor, employee, adviser, agent, consultant, owner of more than five
(5) percent of any enterprise or otherwise, for a period of two (2) years following the date of the Eligible Employee's termination of employment with the Company, or its subsidiaries, in connection with the manufacture, development, advertising, promotion, design, or sale or any other activity in furtherance of any business enterprise, service or product which is the same as or similar to or competitive with or in any way adverse to any services or products or other activities of the Company or its subsidiaries (including both existing services or products as well as services or products known to the Eligible Employee, as a consequence of the Eligible Employee's employment with the Company or one of its subsidiaries, to be in development):

(1) with respect to which the Eligible Employee's work has been directly concerned at any time preceding termination of employment with the Company or any of its subsidiaries, or

(2) with respect to which during that period of time the Eligible Employee, as a consequence of the Eligible Employee's job performance and duties, acquired knowledge of the trade secrets or other confidential information of the Company or its subsidiaries.

For purposes of this Section 11, it shall be conclusively presumed that the Eligible Employee has knowledge of information he or she was directly exposed to through actual receipt or review of memos or documents containing such information, or through actual attendance at meetings at which such information was discussed or disclosed.

(c) If, at any time during the two (2) year period after the Eligible Employee's termination of employment from the Company or any of its subsidiaries, the Eligible Employee engages in any conduct described in Section (b) above, then the amount of any payments made to the Eligible Employee from the Plan during that period (without regard to tax effects) shall be paid by the Eligible Employee to the Company. The Eligible Employee consents to the deduction from any amounts the Company or any of its subsidiaries owes the Eligible Employee from time to time to the extent of the amount the Eligible Employee owes the Company hereunder.

**Exhibit 10D**

**AMENDMENT DATED MAY 9, 2000 TO GES EXPOSITION SERVICES, INC. SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN**

Section 11 of the GES Exposition Services, Inc. Supplemental Executive Retirement Plan shall be amended by addition of the following in its place:

SECTION 11 NON-COMPETE AND FORFEITURE PROVISIONS:

"Notwithstanding any other provision in this Plan to the contrary, from and after January 1, 2000, an Eligible Employee's right to receive a benefit or future benefits under this Plan shall be governed by the following provisions:

(a) The right shall be conditioned upon certification by the Eligible Employee prior to their receipt of any future benefits under this Plan that the Eligible Employee has read and understands the non-compete and forfeiture provisions set forth in this Section 11, and that the Eligible Employee has no intent to engage in any activity or provide any services which are contrary to the spirit and intent of these provisions. The Eligible Employee's failure to so certify shall not constitute a waiver on the part of the Company as to the enforceability of these provisions under Section 11.

(b) In order to better protect the goodwill of the Company and its subsidiaries and to prevent the disclosure of the Company's or its subsidiaries' trade secrets and confidential information and thereby help insure the long-term success of the business, the Eligible Employee, without prior written consent of the Company, will not engage in any activity or provide any services, whether as a director, manager, supervisor, employee, adviser, agent, consultant, owner of more than five
(5) percent of any enterprise or otherwise, for a period of two (2) years following the date of the Eligible Employee's termination of employment with the Company, or its subsidiaries, in connection with the manufacture, development, advertising, promotion, design, or sale or any other activity in furtherance of any business enterprise, service or product which is the same as or similar to or competitive with or in any way adverse to any services or products or other activities of the Company or its subsidiaries (including both existing services or products as well as services or products known to the Eligible Employee, as a consequence of the Eligible Employee's employment with the Company or one of its subsidiaries, to be in development):

(1) with respect to which the Eligible Employee's work has been directly concerned at any time preceding termination of employment with the Company or any of its subsidiaries, or

(2) with respect to which during that period of time the Eligible Employee, as a consequence of the Eligible Employee's job performance and duties, acquired knowledge of the trade secrets or other confidential information of the Company or its subsidiaries.

For purposes of this Section 11, it shall be conclusively presumed that the Eligible Employee has knowledge of information he or she was directly exposed to through actual receipt or review of memos or documents containing such information, or through actual attendance at meetings at which such information was discussed or disclosed.

(c) If, at any time during the two (2) year period after the Eligible Employee's termination of employment from the Company or any of its subsidiaries, the Eligible Employee engages in any conduct described in Section (b) above, then the amount of any payments made to the Eligible Employee from the Plan during that period (without regard to tax effects) shall be paid by the Eligible Employee to the Company. The Eligible Employee consents to the deduction from any amounts the Company or any of its subsidiaries owes the Eligible Employee from time to time to the extent of the amount the Eligible Employee owes the Company hereunder.

**ARTICLE 5**

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM VIAD CORP'S FORM 10-Q FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2000 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

MULTIPLIER: 1,000

| | |
|---|---|
| PERIOD TYPE | 6 MOS |
| FISCAL YEAR END | DEC 31 2000 |
| PERIOD END | JUN 30 2000 |
| CASH | 42,468 |
| SECURITIES | 28,442 |
| RECEIVABLES | 78,889 |
| ALLOWANCES | 2,378 |
| INVENTORY | 101,170 |
| CURRENT ASSETS | 1,104,044 |
| PP&E | 580,300 |
| DEPRECIATION | 274,720 |
| TOTAL ASSETS | 5,675,595 |
| CURRENT LIABILITIES | 4,347,215 |
| BONDS | 359,291 |
| PREFERRED MANDATORY | 6,649 |
| PREFERRED | 0 |
| COMMON | 149,610 |
| OTHER SE | 596,740 |
| TOTAL LIABILITY AND EQUITY | 5,675,595 |
| SALES | 0 |
| TOTAL REVENUES | 884,747 |
| CGS | 0 |
| TOTAL COSTS | 783,234 |
| OTHER EXPENSES | 9,518 |
| LOSS PROVISION | 0 |
| INTEREST EXPENSE | 12,652 |
| INCOME PRETAX | 87,056 |
| INCOME TAX | 18,695 |
| INCOME CONTINUING | 68,361 |
| DISCONTINUED | 0 |
| EXTRAORDINARY | 0 |
| CHANGES | 0 |
| NET INCOME | 68,361 |
| EPS BASIC | .76 |
| EPS DILUTED | .74 |

**End of Filing**