VIAD CORP

FORM 10-Q
(Quarterly Report)

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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, 2001
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 June 29, 2001, 88,385,367 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 share data)	June 30, 2001 (Unaudited)	December 31, 2000
ASSETS		
Current assets:		
Cash and cash equivalents	$ 36,509	$ 42,298
Short-term investments	67,401	42,538
Receivables	106,016	115,792
Inventories	87,818	87,131
Deferred income taxes	38,456	40,050
Other current assets	40,289	32,511
	376,489	360,320
Funds, agents' receivables and current maturities of investments restricted for payment service obligations	1,154,869	1,194,545
Total current assets	1,531,358	1,554,865
Investments in securities	48,636	41,018
Investments restricted for payment service obligations	4,495,438	3,630,615
Property and equipment	280,475	286,157
Other investments and assets	88,467	102,967
Deferred income taxes	47,509	46,596
Intangibles	631,497	638,013
	$ 7,123,380	$ 6,300,231
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term bank loans	$ 26,375	$ 2,666
Accounts payable	73,446	81,146
Other current liabilities	184,557	180,738
Current portion of long-term debt	42,134	67,134
	326,512	331,684
Payment service obligations	5,428,533	4,607,296
Total current liabilities	5,755,045	4,938,980
Long-term debt	359,148	377,306
Pension and other postretirement benefits	73,580	74,280
Other deferred items and insurance liabilities	172,018	135,588
Minority interests	3,844	4,263
$4.75 Redeemable preferred stock	6,668	6,658
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	241,946	245,634
Retained income	780,910	755,041
Unearned employee benefits and other	(91,336)	(94,804)
Accumulated other comprehensive income:		
Unrealized gain on securities classified as available for sale	11,484	656
Unrealized loss on derivative financial instruments	(30,458)	
Cumulative translation adjustments	(9,798)	(8,612)
Minimum pension liability adjustment	(1,795)	(1,795)
Common stock in treasury, at cost, 11,354,558 and 10,676,444 shares	(297,486)	(282,574)
Total common stock and other equity	753,077	763,156
	$ 7,123,380	$ 6,300,231

See Notes to Consolidated Financial Statements.

VIAD CORP
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(000 omitted, except per share data)	Quarter ended June 30, 2001	Quarter ended June 30, 2000	Six months ended June 30, 2001	Six months ended June 30, 2000
Revenues	$444,566	$476,528	$904,130	$884,747
Costs and expenses:				
Costs of sales and services	386,565	416,306	801,243	783,234
Corporate activities and minority interests	4,113	5,127	8,680	10,026
Net interest expense	5,298	2,298	11,563	4,431
Nonrecurring item	29,274		29,274	
	425,250	423,731	850,760	797,691
Income before income taxes	19,316	52,797	53,370	87,056
Income taxes	1,907	10,489	11,659	18,695
NET INCOME	$ 17,409	$ 42,308	$ 41,711	$ 68,361
DILUTED NET INCOME PER COMMON SHARE	$ 0.20	$ 0.46	$ 0.48	$ 0.74
Average outstanding and potentially dilutive common shares	86,090	91,748	86,381	91,977
BASIC NET INCOME PER COMMON SHARE	$ 0.20	$ 0.47	$ 0.48	$ 0.76
Average outstanding common shares	85,158	89,301	85,359	89,608
Dividends declared per common share	$ 0.09	$ 0.09	$ 0.18	$ 0.18
Preferred stock dividends	$ 284	$ 284	$ 568	$ 567

See Notes to Consolidated Financial Statements.

VIAD CORP
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(000 omitted)	Quarter ended June 30, 2001	Quarter ended June 30, 2000	Six months ended June 30, 2001	Six months ended June 30, 2000
Net income	$ 17,409	$ 42,308	$ 41,711	$ 68,361
Other comprehensive income (loss), net of tax:				
Unrealized gain (loss) on securities classified as available for sale:				
Transition adjustment, effective January 1, 2001, resulting from the transfer of securities classified as held-to-maturity to securities classified as available-for-sale			3,772	
Holding (losses) gains arising during the period	(13,677)	1,030	11,523	16,836
Reclassification adjustment for net realized gains included in net income	(1,534)	(673)	(4,467)	(819)
	(15,211)	357	10,828	16,017
Unrealized gain (loss) on derivative financial instruments:				
Cumulative effect of transition adjustment upon initial application of Statement of Financial Accounting Standards No. 133 on January 1, 2001			(7,501)	
Holding gains (losses) arising during the period	4,406		(30,444)	
Net reclassifications from other comprehensive income to net income	5,841		7,487	
	10,247	--	(30,458)	--
Unrealized foreign currency translation adjustments:				
Holding gains (losses) arising during the period	2,634	(1,829)	(1,186)	(2,184)
Other comprehensive (loss) income	(2,330)	(1,472)	(20,816)	13,833
Comprehensive income	$ 15,079	$ 40,836	$ 20,895	$ 82,194

See Notes to Consolidated Financial Statements.

VIAD CORP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(000 omitted)	Six months ended June 30, 2001	2000
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES:		
Net income	$ 41,711	$ 68,361
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	34,922	34,959
Deferred income taxes	13,749	12,543
Nonrecurring item	29,274	
Other noncash items, net	(6,044)	(2,029)
Change in operating assets and liabilities:		
Receivables and inventories	1,459	(49,225)
Accounts payable and accrued compensation	(8,676)	4,383
Other assets and liabilities, net	(17,626)	(394)
	88,769	68,598
Change in Payment service assets and obligations, net	855,812	216,322
Net cash provided by operating activities	944,581	284,920
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES:		
Capital expenditures	(24,788)	(18,590)
Acquisitions of businesses, net of cash acquired	(865)	(24,155)
Proceeds from disposals of businesses, property and other assets, net	225	14,063
Proceeds from sales and maturities of securities	1,249,628	970,835
Purchases of securities	(2,116,951)	(1,175,860)
Net cash used by investing activities	(892,751)	(233,707)
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES:		
Payments on long-term borrowings	(25,333)	(30,319)
Net change in short-term borrowings	6,211	39,805
Dividends on common and preferred stock	(15,972)	(16,728)
Exercise of stock options	12,097	3,848
Common stock purchased for treasury	(34,622)	(38,457)
Net cash used by financing activities	(57,619)	(41,851)
Net (decrease) increase in cash and cash equivalents	(5,789)	9,362
Cash and cash equivalents, beginning of year	42,298	33,106
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 36,509	$ 42,468

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, 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" and the adoption of Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities" as discussed in Note D. 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, 2001, and its results of operations and its cash flows for the quarters and six months ended June 30, 2001 and 2000 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 2001 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 subsidiaries to satisfy the liability to pay, upon presentment, the face amount of such payment service obligations. In addition, certain other assets of Payment Services subsidiaries are available if necessary to meet such obligations. Accordingly, such assets 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 net proceeds of selling receivables from its bill payment and money order agents through swap agreements (see Note D). The swap agreements effectively convert such variable rates to fixed rates.

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 swap agreements:

(000 omitted)	June 30, 2001	December 31, 2000
Funds, agents' receivables and current maturities of investments restricted for payment service obligations,	$ 1,154,869	$ 1,194,545
Investments restricted for payment service obligations (1)	4,495,438	3,630,615
Other assets available for payment service obligations	24,723	24,781
Payment service obligations	(5,428,533)	(4,607,296)
Fair value of swap agreements (2)	(48,877)	(12,297)
Total	$ 197,620	$ 230,348

(1) 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 SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities" (see Note C).

(2) The fair value represents the estimated amounts that Viad would pay to counterparties to terminate the swap agreements at June 30, 2001 and December 31, 2000. At December 31, 2000, the fair value of such swap agreements was not included in Viad's Consolidated Balance Sheet (see Note D).

NOTE C - INVESTMENTS RESTRICTED FOR PAYMENT SERVICE OBLIGATIONS

Effective January 1, 2001, Viad elected to transfer $260,026,000 in carrying value of securities classified as held-to-maturity to securities classified as available-for-sale as permitted in conjunction with the initial application of SFAS No. 133 without calling into question management's intent or ability to hold other securities as held-to-maturity. The transfer was reflected as an increase in the carrying value of the investments of $6,184,000, with a corresponding deferred tax liability of $2,412,000 and a transition adjustment of $3,772,000 reflected in other comprehensive income.

Investments restricted for payment service obligations are classified as follows:

(000 omitted)	June 30, 2001	December 31, 2000
Securities classified as available-for-sale, at fair value (amortized cost of $3,037,858 and $2,309,645)	$ 3,055,835	$ 2,310,493
Securities classified as held-to-maturity, at amortized cost (fair value of $1,466,499 and $1,357,531)	1,439,603	1,325,225
	4,495,438	3,635,718
Less current maturities		(5,103)
	$ 4,495,438	$ 3,630,615

NOTE D - DERIVATIVE FINANCIAL INSTRUMENTS

Viad uses derivative financial instruments as part of its risk management strategy to manage exposure to fluctuations in interest and foreign currency rates. Derivatives are not used for speculative purposes.

A portion of Viad's Payment Services business involves the payment of variable-rate commissions to selling agents of its official check program. In addition, a Viad Payment Services subsidiary has agreements to sell, on a periodic basis, undivided percentage ownership interests in certain receivables from bill payment and money order agents. The receivables are sold at a discount, based on short-term variable interest rates. Variable-to-fixed rate swap agreements have been entered into to mitigate the effects of fluctuations on commission expense and on the net proceeds from the agents' receivable sales.

On January 1, 2001, Viad adopted SFAS No. 133 and its related amendments and interpretations. SFAS No. 133 requires that entities record all derivatives as either assets or liabilities, measured at fair value, with the change in fair value of the derivative recognized in earnings or in other comprehensive income, depending on the use of the derivative and whether it qualifies for hedge accounting. Viad's swap agreements have been designated and qualify as cash flow hedges. The length of time over which future cash flows are hedged ranges from two to seven years.

Upon adoption of SFAS No. 133, Viad recorded a liability of $12,297,000 (representing the fair value of Viad's swap agreements), a corresponding deferred tax asset of $4,796,000, and a transition adjustment of $7,501,000 reflected in other comprehensive income. At June 30, 2001, the fair value of the swap agreements in the Consolidated Balance Sheet is classified under the caption, "Other deferred items and insurance liabilities."

The effective portion of the change in fair values of derivatives that qualify as cash flow hedges under SFAS No. 133 is recorded in other comprehensive income. Amounts receivable or payable under the swap agreements are reclassified from other comprehensive income to net income as an adjustment to the expense of the related transaction. These amounts are included in the Consolidated Income Statements under "Costs of sales and services." The amount recognized in earnings due to ineffectiveness of the cash flow hedges was not material. No cash flow hedges were discontinued during the quarter.

Viad is also exposed to foreign currency exchange risk. Forward contracts used to hedge assets and liabilities denominated in foreign currencies are recorded on the Consolidated Balance Sheets at fair value, with the change in fair value reflected in earnings. Viad records these forward contracts consistent with the accounting requirements under SFAS No. 52, "Foreign Currency Translation." While these contracts economically hedge Viad's foreign currency risk, they are not designated as hedges for accounting purposes under SFAS No. 133. The effect of changes in foreign exchange rates on the foreign-denominated receivables and payables, net of the effect of the related forward contracts, was not significant.

NOTE E - DEBT

At June 30, 2001 and December 31, 2000, Viad classified as long-term debt $128,000,000 and $145,503,000, respectively, of short-term borrowings. These borrowings 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)	2001		2000	
Computed income taxes at statutory federal income tax rate	$ 18,680	35.0%	$ 30,470	35.0%
Nondeductible goodwill amortization	1,743	3.3%	1,682	1.9%
State income taxes	2,126	4.0%	1,800	2.1%
Other, net	1,261	2.3%	418	0.5%
	23,810	44.6%	34,370	39.5%
Tax-exempt income	(14,451)	(27.1%)	(17,575)	(20.2%)
Adjustment to estimated annual effective rate (1)	2,300	4.3%	1,900	2.2%
Provision for income taxes (2)	$ 11,659	21.8%	$ 18,695	21.5%

(1) Generally accepted accounting principles for interim financial reporting (APB Opinion No. 28) requires that income taxes be provided based on the estimated effective tax rate expected to be applicable for the entire fiscal year.

(2) Excluding the effect of the nonrecurring item, the effective tax rate for the first six months of 2001 was 27.4 percent. The estimated tax rate for 2001 before the nonrecurring item is higher than in 2000 due to lower tax-exempt income in proportion to total pre-tax income, resulting from a shift in the mix of investments from higher-yield nontaxable to lower-yield taxable investments, as Viad balances its alternative minimum tax position.

NOTE G - 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 in 2000 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.

(000 omitted)	Quarter ended June 30, 2001	2000	Six months ended June 30, 2001	2000
Revenues:				
Payment Services	$ 187,020	$ 167,635	$ 366,318	$ 319,485
Convention and Event Services	254,447	295,638	543,956	557,490
Reportable segments	441,467	463,273	910,274	876,975
Travel and Recreation Services	15,876	18,415	19,535	22,915
SUBTOTAL, ONGOING OPERATIONS	457,343	481,688	929,809	899,890
Sold travel and recreation businesses		12,363		17,664
Intercompany interest elimination		(677)		(1,622)
Less taxable equivalent adjustment	(12,777)	(16,846)	(25,679)	(31,185)
	$ 444,566	$ 476,528	$ 904,130	$ 884,747
Operating income before nonrecurring item:				
Payment Services	$ 43,682	$ 38,310	$ 78,477	$ 68,056
Convention and Event Services	23,485	33,326	48,228	60,790
Reportable segments	67,167	71,636	126,705	128,846
Travel and Recreation Services	3,611	4,815	1,861	3,317
SUBTOTAL, ONGOING OPERATIONS	70,778	76,451	128,566	132,163
Sold travel and recreation businesses		1,294		2,157
Corporate activities and minority interests	(4,113)	(5,127)	(8,680)	(10,026)
Intercompany interest elimination		(677)		(1,622)
Less taxable equivalent adjustment	(12,777)	(16,846)	(25,679)	(31,185)
	53,888	55,095	94,207	91,487
Other investment income	1,490	3,743	2,770	8,221
Interest expense	(6,788)	(6,041)	(14,333)	(12,652)
Nonrecurring item	(29,274)		(29,274)	
Income before income taxes	$ 19,316	$ 52,797	$ 53,370	$ 87,056

NOTE H - NONRECURRING ITEM

On August 18, 2000, Key3Media Group, Inc. ("Key3Media"), a company spun off by Ziff-Davis Inc., terminated a long-term agreement with GES Exposition Services, Inc. ("GES") to produce tradeshows. The companies have been involved in litigation regarding the contract termination. GES and Key3Media have agreed to end the litigation. As a result of the settlement, Viad recorded a second quarter noncash provision totaling $29,274,000 ($18,267,000 after-tax, or $0.21 per diluted share) representing primarily the write-off of net receivables and prepayments made to Key3Media. The settlement will have no adverse impact on future operations.

NOTE I - RECENT ACCOUNTING PRONOUNCEMENTS

In June 2001, the Financial Accounting Standards Board issued SFAS No. 141, "Business Combinations" (effective July 1, 2001) and SFAS No. 142, "Goodwill and Other Intangible Assets" (effective for Viad on January 1, 2002). SFAS No. 141 prohibits pooling-of-interests accounting for acquisitions. SFAS No. 142 specifies that goodwill and some intangible assets will no longer be amortized but instead will be subject to periodic impairment testing. Viad is in the process of evaluating the financial statement impact of adoption of SFAS No. 142.

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

RESULTS OF OPERATIONS:

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

There were no material changes in the nature of Viad's business, nor were there any 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, 2000.

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

COMPARISON OF SECOND QUARTER OF 2001 TO THE SECOND QUARTER OF 2000:

In the second quarter of 2001, revenues decreased 6.7 percent, to $444.6 million from $476.5 million in 2000. Payment Services invests in an appropriate mix of tax-exempt and taxable investments. The tax-exempt investments have lower pre-tax yields but produce higher income on an after-tax basis than comparable taxable investments. Revenues of ongoing operations on a fully taxable equivalent basis were $457.3 million in the 2001 second quarter, down 5.1 percent. Operating income on the same basis was $70.8 million for the 2001 second quarter compared with $76.5 million for the prior year, and operating margins were 15.5 percent in 2001 compared to 15.9 percent in 2000. See Note G of Notes to Consolidated Financial Statements.

Net income for the second quarter of 2001 was $17.4 million, or $0.20 per share, compared to $42.3 million, or $0.46 per share, for the second quarter of 2000. Excluding a nonrecurring, noncash provision related to the resolution of the Key3Media litigation (described further in Note H of Notes to Consolidated Financial Statements), second quarter 2001 income was $35.7 million, or $0.41 per share.

(000 omitted, except per share data)	Quarter ended June 30, 2001	2000
INCOME BEFORE NONRECURRING ITEM	$ 35,676	$ 42,308
Nonrecurring item	(18,267)	
Net income	$ 17,409	$ 42,308
DILUTED NET INCOME PER COMMON SHARE:		
INCOME BEFORE NONRECURRING ITEM	$ 0.41	$ 0.46
Nonrecurring item	(0.21)	
Net income per share	$ 0.20	$ 0.46

Cash earnings per share, defined as income before nonrecurring items plus after-tax goodwill amortization, was $0.45, down 10 percent from the 2000 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.

There were 5.7 million fewer average outstanding and potentially dilutive common shares in the second quarter of 2001 than in the second quarter of 2000, due primarily to share repurchases during 2000 and in the first quarter of 2001.

PAYMENT SERVICES. On the fully taxable equivalent basis, second quarter 2001 revenues of the Payment Services segment were $187.0 million, up $19.4 million, or 11.6 percent, from 2000 second quarter revenues. On the same basis, operating income increased $5.4 million, or 14.0 percent. Operating margins on the fully taxable equivalent basis improved to 23.4 percent in the second quarter of 2001 compared with 22.9 percent in the 2000 second quarter. Official check operations reported continuing strong growth, reflecting the ramp-up of new business. Average investable funds were $4.7 billion, up 27 percent from the 2000 quarter. The growth in investable balances was partially offset by lower interest rates. MoneyGram transaction volume grew 21 percent in the 2001 quarter, with all corridors showing improvement. MoneyGram's agent base expanded by 29 percent over the 2000 quarter. These results were partially offset by the effects of a shift in a portion of the mix of investments from higher-yield nontaxable to lower-yield taxable investments as Viad balances its alternative minimum tax position. At December 31, 2000, tax-exempt investments represented 45% of the total investment portfolio versus 27% at June 30, 2001. This shift in the mix of investments contributed to lower growth in revenue and operating income. In addition, Game Financial revenue and operating income growth declined from historic levels due to a heightened competitive pricing environment and a slowdown in customer transactions due to a soft economy.

CONVENTION AND EVENT SERVICES. Convention and Event Services revenues decreased $41.2 million, or 13.9 percent, to $254.4 million in the second quarter of 2001. Operating income for the segment decreased $9.8 million, or 29.5 percent, from the second quarter of 2000. Operating margins were 9.2 percent in the second quarter of 2001 versus 11.3 percent in the second quarter of 2000. More than half of the revenue decline relates to show rotation and the loss of Key3Media shows. Results for the second quarter were also impacted by overall softness in the economy. Customers began to delay or cancel exhibit construction or refurbish old exhibits rather than building new exhibits. Revenue at certain tradeshows was down, resulting from a decline in attendance by exhibitors, especially in the technology sector. This pressure is expected to continue throughout the remainder of the year. The segment continues to focus on eliminating and controlling overhead and other costs. As described in the "Recent Developments" section, the segment is finalizing plans to change its organizational structure to make operations more efficient and competitive.

TRAVEL AND RECREATION SERVICES. Revenues of the ongoing travel and recreation businesses were $15.9 million for the second quarter of 2001, down $2.5 million, or 13.8 percent, from 2000 second quarter revenues. Operating income was $3.6 million in the 2001 second quarter compared to $4.8 million in the 2000 second quarter. Operating margins were 22.7 percent in the second quarter of 2001 compared with 26.1 percent in the prior year. These results are primarily due to a decline in tourism to Canada and Glacier National Park (Montana) resulting from uncertainty in the economy and high fuel costs.

NET INTEREST EXPENSE. Other investment income was $1.5 million and $3.7 million in the second quarter of 2001 and 2000, respectively. The decline in interest income is due primarily to the use of investment proceeds for the purchase of treasury shares throughout 2000 and in the first quarter of 2001. Interest expense in the second quarter of 2001 increased to $6.8 million in the second quarter of 2001 compared to $6.0 million in the second quarter of 2000. Lower short-term interest rates were offset by higher average borrowings during the 2001 quarter.

INCOME TAXES. Excluding the nonrecurring item, the effective tax rate in the 2001 second quarter was 26.6 percent compared to 19.9 percent for the second quarter of 2000. The relatively low effective tax rate compared to the statutory federal rate is primarily attributable to tax-exempt income from Viad's Payment Services businesses.

COMPARISON OF FIRST SIX MONTHS OF 2001 TO THE FIRST SIX MONTHS OF 2000:

Revenues for the first six months of 2001 increased $19.4 million, or 2.2 percent, to $904.1 million from $884.7 million in 2000. Revenues of ongoing operations on a fully taxable equivalent basis rose 3.3 percent to $929.8 million. Operating income on the same basis was $128.6 million for the first six months of 2001 compared with $132.2 million for the prior year, and operating margins were 13.8 percent in 2001 compared to 14.7 percent in 2000. See Note G of Notes to Consolidated Financial Statements.

Net income for the first six months of 2001 was $41.7 million, or $0.48 per share, compared to $68.4 million, or $0.74 per share, for the first six months of 2000. Before the nonrecurring item previously discussed, net income for the first six months of 2001 was $60.0 million, or $0.69 per share.

(000 omitted, except per share data)	Six months ended June 30, 2001	2000
INCOME BEFORE NONRECURRING ITEM	$ 59,978	$ 68,361
Nonrecurring item	(18,267)	
Net income	$ 41,711	$ 68,361
DILUTED NET INCOME PER COMMON SHARE:		
INCOME BEFORE NONRECURRING ITEM	$ 0.69	$ 0.74
Nonrecurring item	(0.21)	
Net income per share	$ 0.48	$ 0.74

Cash earnings per share, as defined above, was $0.77 for the first six months of 2001, down 6.1 percent from the comparable 2000 period.

There were 5.6 million fewer average outstanding and potentially dilutive common shares in the first six months of 2001 than in the first six months of 2000, due primarily to share repurchase programs throughout 2000 and during the first quarter of 2001.

PAYMENT SERVICES. On the fully taxable equivalent basis, revenues of the Payment Services segment for the first six months of 2001 were $366.3 million, up $46.8 million, or 14.7 percent, from 2000 six month revenues. On the same basis, operating income increased $10.4 million, or 15.3 percent. Operating margins on the fully taxable equivalent basis were 21.4 percent for the first six months of 2001, compared with 21.3 percent in the first six months of 2000. Official check operations continued strong growth, reflecting the ramp-up of key new accounts. Transaction volume for MoneyGram grew 19 percent over the prior year, with strong growth in Express Payment and in the Latin America and international corridors. Average investable funds were 27 percent higher in 2001 than in the 2000 period, resulting in higher investment income.

CONVENTION AND EVENT SERVICES. Convention and Event Services revenues decreased $13.5 million, or 2.4 percent, to $544.0 million from $557.5 million in the 2000 six month period. Operating income for the segment was $48.2 million, down $12.6 million from $60.8 million in the 2000 period. Operating margins were 8.9 percent compared with 10.9 percent in 2000. Results were impacted by higher labor costs and show rotation. The segment continues to focus on eliminating and controlling overhead and other costs, but many customers are delaying or scaling back exhibit construction and attendance at tradeshows in response to the uncertainty in the economy. This pressure is expected to continue throughout the remainder of the year. As described previously, the segment is finalizing plans to change its organizational structure to make operations more efficient and competitive. See "Recent Developments."

TRAVEL AND RECREATION SERVICES. For the first six months of 2001, revenues of the ongoing travel and recreation businesses were $19.5 million, down $3.4 million, or 14.8 percent, from the first six months of 2000, while operating income decreased $1.5 million for the same period. The decrease in revenue and operating income relates primarily to a decrease in package tour volume and higher fuel costs.

NET INTEREST EXPENSE. Other investment income was $2.8 and $8.2 million in the first six months of 2001 and 2000, respectively. The decline in interest income is due primarily to the use of investment proceeds for the purchase of treasury shares throughout 2000 and during the first quarter of 2001. Interest expense for the first six months of 2001 was $14.3 million compared to $12.7 million for the comparable 2000 period. Higher average borrowings during 2001 were partially offset by the effects of a decrease in short-term interest rates.

INCOME TAXES. Excluding the nonrecurring item, the effective tax rate for the first six months of 2001 was 27.4 percent compared to 21.5 percent for the first six months of 2000. The relatively low effective tax rate compared to the statutory federal rate is primarily attributable to tax-exempt income from Viad's Payment Services businesses. APB Opinion No. 28 requires that income taxes be provided based on the estimated effective tax rate expected to be applicable for the entire fiscal year. The estimated annual tax rate for 2001 is expected to be higher than the rate in 2000 due to lower tax-exempt income in proportion to total pre-tax income, resulting from a shift in the mix of investments from higher-yield nontaxable to lower-yield taxable investments as Viad balances its alternative minimum tax position.

LIQUIDITY AND CAPITAL RESOURCES:

Viad's total debt at June 30, 2001 was $427.7 million compared with $447.1 million at December 31, 2000. The debt-to-capital ratio was 0.36 to 1 at June 30, 2001 and 0.37 to 1 at December 31, 2000.

During the first six months of 2001 (primarily in the first quarter), Viad purchased 1.4 million treasury shares for $34.6 million under Viad's stock repurchase programs. Net proceeds from the exercise of stock options totaled $12.1 million during the first six months of 2001.

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 net income before interest expense, income taxes, depreciation and amortization and nonrecurring items and includes the fully taxable equivalent adjustment. EBITDA for the first six months of 2001 was $157.6 million, down from $165.9 million in the 2000 period, resulting from lower operating income and the decline in investment income.

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, 2000.

RECENT DEVELOPMENTS:

In light of the uncertain economy, Viad is taking steps to ensure that its cost structure is more competitive, especially in the Convention and Event Services segment. Therefore, in the third quarter of 2001, Viad will finalize and begin implementation of a restructuring plan that includes facility closures and workforce reductions, which is expected to result in a third quarter pre-tax charge of approximately $25 million to $30 million.

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 estimates, plans, expectations of or current trends in future growth, productivity improvements, consumer demand, new business, investment policies, ongoing cost reduction efforts, efficiency, competitiveness, tax rates, restructuring plans 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, gains and losses of customers, consumer demand patterns, labor relations, 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

Viad's primary market risk exposures are fluctuations in interest rates and foreign exchange rates. Certain derivative financial instruments are used as part of Viad's risk management strategy to manage exposure to changes in these rates. Derivatives are not used for speculative purposes.

As described in Notes B and C, 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 as described in Note D. 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 net proceeds from the agents' receivables sales 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 swap agreements that convert the variable-rate payments to fixed rates. Viad is also exposed to short-term interest rate risk on certain of its debt obligations.

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 decrease in pre-tax income would be approximately $4.2 million. A hypothetical 10 percent proportionate decrease in interest rates, based on the same set of assumptions, would result in an annual increase in pre-tax income of approximately $4.3 million.

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 $87.3 million (along with an after-tax decrease in accumulated other comprehensive income of approximately $53.3 million), an estimated increase in the fair value of Viad's swap agreements of approximately $53.9 million (along with an after-tax increase in accumulated other comprehensive income of $32.9 million) and an estimated off-balance-sheet decrease in the fair value of Viad's fixed-rate debt of approximately $2.1 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 $84.6 million (along with an after-tax increase in accumulated other comprehensive income of approximately $51.6 million), an estimated off-balance-sheet decrease in the fair value of Viad's swap agreements of approximately $53.9 million (along with an after-tax decrease in accumulated other comprehensive income of $32.9 million) and an estimated off-balance-sheet increase in the fair value of Viad's fixed-rate debt of approximately $2.2 million.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On August 18, 2000, Key3Media Group, Inc. ("Key3Media"), a company spun off by Ziff-Davis Inc., terminated a long-term agreement with GES Exposition Services, Inc. ("GES") to produce tradeshows. The companies have been involved in litigation regarding the contract termination. GES and Key3Media have agreed to end the litigation. As a result of the settlement, Viad recorded a second quarter noncash provision totaling $29,274,000 ($18,267,000 after-tax, or $0.21 per diluted share) representing primarily the write-off of net receivables and prepayments made to Key3Media. The settlement will have no adverse impact on future operations.

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

(a) The annual meeting of stockholders of Viad Corp was held May 8, 2001.

(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:

Jess Hay	
Affirmative Vote............................	78,067,328
Withheld Authority..........................	1,247,041
Linda Johnson Rice	
Affirmative Vote............................	78,491,104
Withheld Authority..........................	823,265
Timothy R. Wallace	
Affirmative Vote............................	78,524,669
Withheld Authority..........................	789,700

2. The appointment of Deloitte & Touche LLP to audit the accounts of Viad and its subsidiaries for the fiscal year 2001.

Affirmative Vote............................	77,006,736
Against.....................................	2,214,799
Abstentions.................................	92,834

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibit No. 10.A - Copy of First Amendment dated as of May 8, 2001, to the Viad Corp Supplemental TRIM Plan.

Exhibit No. 10.B - Copy of Viad Corp Supplemental Pension Plan, as amended and restated effective January 1, 2001.

(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, 2001

By /s/ Catherine L. Stevenson

Catherine L. Stevenson
Vice President - Controller
(Chief Accounting Officer
and Authorized Officer)

EXHIBIT INDEX

EXHIBITS.#	
10.A	Copy of First Amendment dated as of May 8, 2001, to the Viad Corp Supplemental TRIM Plan
10.B	Copy of Viad Corp Supplemental Pension Plan, as amended and restated effective January 1, 2001.

EXHIBIT 10.A

FIRST AMENDMENT TO THE VIAD CORP SUPPLEMENTAL TRIM PLAN

Whereas, the Company maintains the Viad Corp Supplemental TRIM Plan (the "Plan");

Whereas, the Plan may be amended by the Company pursuant to Section 10 of the Plan;

Whereas the Company wishes to amend the Plan;

NOW, therefore, the Viad Corp Supplemental TRIM Plan is amended, effective as of the execution date below, as follows:

The second sentence of Paragraph 4, Requests for Deferral, is amended as follows:

Each such request shall specify the percentage or dollar amount of base salary if any, but in no event shall the amount to be deferred in a Plan year be greater than the lesser of (i) $35,000, or the amount specified by the Internal Revenue Service under Code Section 415, Defined Contribution Annual Maximum, less the total amount of all contributions of whatever nature, to the Participant's TRIM account during the same time period, or (ii) 12% of the participant's base salary in the Plan year.

Except as amended above, the terms of the Plan as in effect prior to this amendment shall continue unchanged.

In Witness Whereof, the Company has Caused this Amendment to be signed on its behalf by its duly authorized officer this 8th day of May, 2001.

Viad Corp

By /s/ Scott E. Sayre

Its:

Vice President-General Counsel and Secretary

EXHIBIT 10.B

VIAD CORP SUPPLEMENTAL PENSION PLAN

(Restated as of January 1, 2001)

TABLE OF CONTENTS

VIAD CORP
SUPPLEMENTAL PENSION PLAN
(Restated as of January 1, 2001)

ARTICLE 1. PURPOSE

The purpose of the Viad Corp Supplemental Pension Plan (the "Plan") is to provide deferred compensation to Eligible Employees (as defined in Article 3) on and after January 1, 1976. It is the intention of Viad Corp (the "Company") that Eligible Employees are those employees designated by the Company, or the Chief Executive Officer of the Company, pursuant to Article 3, from a select group of management or highly-compensated employees of the Company, or any of its subsidiaries or affiliates ("Subsidiaries") and that the Plan continue to be eligible for exemptions under Parts 1, 2, 3 and 4 of Title I of ERISA and U.S. Department of Labor regulations. It also is the intention of the Company that the Plan be unfunded, that any Eligible Employee's rights under the Plan are those of a general creditor only, and that there be no elections with respect to any benefits under the Plan by Eligible Employees. Subject to rights and benefits expressly fixed by the terms hereof, the Company also intends that the Plan may be amended or terminated and that benefits may be reduced or eliminated as the Board of Directors of the Company determines from time to time and that individuals' rights may be altered.

By adoption of this Plan document, the Company hereby amends and restates the Plan, effective as of January 1, 2001.

ARTICLE 2. DEFINITIONS

Whenever used in this Plan, the following words and phrases shall have the respective meanings stated below unless a different meaning is expressly provided or is plainly required by the context. Capitalized terms not defined in this Article, but defined in the Viad Corp Retirement Income Plan ("VCRIP"), shall have the respective meanings ascribed to them in VCRIP. Capitalized terms applicable to a specific Schedule of Benefits, and not defined in this Article or VCRIP, are defined in the applicable Schedule of Benefits.

(a) "COMMITTEE" means the Viad Retirement Committee.

(b) "COVERED COMPENSATION" means the average (without indexing) of the Eligible Employee's taxable wage bases in effect for each calendar year during the 35-year period ending with the calendar year in which the Eligible Employee attains or will attain Social Security retirement age, as determined under Internal Revenue Code Section415(b)(8). In determining an Eligible Employee's Covered Compensation for any calendar year, the taxable wage base for the current and any subsequent calendar year is assumed to be the same as the taxable wage base in effect as of the beginning of the calendar year for which the determination is being made. An Eligible Employee's Covered Compensation for a calendar year after the 35-year period is equal to his or her Covered Compensation for the calendar year in which the Eligible Employee attained Social Security retirement age. An Eligible Employee's Covered Compensation for a calendar year before the 35-year period is the taxable wage base in effect as of the beginning of the calendar year. Covered Compensation is automatically adjusted at the beginning of each calendar year

(c) "CREDITED SERVICE" means the period or periods of employment counted as Service (as defined in VCRIP) that is not excluded from Credited Service under VCRIP or would not be excluded from Credited Service if the Eligible Employee was an active Participant under VCRIP. Notwithstanding the foregoing, Credited Service shall continue to be counted under this Plan with respect to Service on and after January 1, 2001 under the same terms and conditions as applied immediately before 2001, even though Credited Service under VCRIP does not include any Service after December 31, 2000. In no event, however, shall more than thirty (30) years of Credited Service be taken into account for any Eligible Employee under this Plan.

(d) "ELIGIBLE EMPLOYEE" means each employee of the Company or a Subsidiary designated pursuant to Article 3 and the applicable Schedule of Benefits as eligible to participate in that Schedule of Benefits. Except with respect to Schedule E, Eligible Employees covered by a particular Schedule of Benefits shall be listed in the corresponding Exhibit carrying the same letter designation.

(e) "EXHIBIT" means the listing of Eligible Employees covered by the Schedule of Benefits with the same letter designation as further described in Article 3 and Article 9.

(f) "FINAL AVERAGE EARNINGS" means the earnings used to determine benefits under this Plan as further described in Article 7.

(g) "MIPs" means bonuses awarded under the Management Incentive Plan, or its predecessor or successor plan, as well as bonuses awarded as a special recognition award, special achievement award, spot award or, as determined by the Committee, pursuant to any other similar bonus program.

(h) "PENSION PLANS" means all qualified and nonqualified pension plans sponsored by the Company or any of its Subsidiaries, other than this Plan, the Viad Corp Capital Accumulation Plan, and the Viad Corp Employees' Stock Ownership Plan. For Eligible Employees whose Credited Service, determined under Schedule B, includes any period of employment with the Armour & Company controlled group, Pension Plan also means the Armour and Company Salaried Employees' Pension Plan (as it existed when terminated effective December 31, 1983) and any benefit comparability payment payable to such an Eligible Employee shall be treated as a monthly pension benefit payable from a Pension Plan for purposes of Article 6.

(i) "PLAN" means this Viad Corp Supplemental Pension Plan, as amended.

(j) "PRIMARY SOCIAL SECURITY BENEFIT" means the annual amount available to the Eligible Employee at age 65 (or at the time of his or her retirement, if later), as determined without regard to any increase in the wage base or benefit levels after December 31, 1997 under the provisions of Title II of the Social Security Act in effect on December 31, 1997, subject to any additional rules of VCRIP (and any predecessor plan) for calculating this amount. Notwithstanding the foregoing, for purposes of Schedule B', the Eligible Employee's Primary Social Security Benefit shall be determined based on the wage base and benefit levels as of the Eligible Employee's termination of employment under the provisions of Title II of the Social Security Act in effect on that date, rather than December 31, 1997, but still subject to any additional rules of VCRIP (and any predecessor plan) for calculating this amount.

(k) "SCHEDULE OF BENEFITS" means each schedule attached hereto and made a part of this Plan providing for benefits to Eligible Employees listed in the corresponding Exhibit carrying the same letter designation.

(l) "SUBSIDIARY" means any subsidiary or affiliate of the Company.

(m) "VCRIP" means the Viad Corp Retirement Income Plan, as amended.

ARTICLE 3. PARTICIPATION

An employee of the Company (or any of its Subsidiaries) may become eligible to participate in the Plan (an "Eligible Employee") when approved by the Board of Directors of the Company (or a committee thereof), or by the Chief Executive Officer of the Company, as specifically designated in each Schedule of Benefits. An employee of the Company, who is determined to be entitled to benefits solely under Schedule E, shall be deemed to have been designated an Eligible Employee (under that Schedule) by the Board of Directors of the Company. A list of Eligible Employees with respect to each Schedule of Benefits, other than Schedule E, is correspondingly denominated and attached as an Exhibit to the Plan and each such Exhibit shall be periodically updated.

ARTICLE 4. FUNDING

No fund shall be established to provide for the payment of benefits under the Plan. No trust, other than one which will not cause the Plan to be "funded" under current Internal Revenue Service and U.S. Department of Labor regulations and rulings, shall be created. Any rights of an Eligible Employee or any other person claiming by or through him or her shall be those of a general creditor of the Company only. The Company may create book reserves or take such other steps as it deems appropriate to provide for its expected liabilities under the Plan.

ARTICLE 5. CATEGORIES OF BENEFIT PAYMENTS TO ELIGIBLE EMPLOYEES

Benefits shall be payable by the Company in accordance with the terms and conditions of the Plan and as described in each Schedule of Benefits to the Eligible Employees described in each such Schedule of Benefits and its corresponding Exhibit.

ARTICLE 6. RETIREMENT BENEFITS

Except, as otherwise expressly provided in the Plan or in a Schedule of Benefits, the Plan shall make monthly payments to an Eligible Employee at the same time such Eligible Employee receives or would be deemed to receive under any Schedule of Benefits his or her pension benefits under the Pension Plans (herein, and in any Schedule of Benefits, referred to for the purposes of the Plan as "the time of his or her retirement"), but in no event shall monthly payments begin before such Eligible Employee has attained the age of 55 and has actually left the employ of the Company and its Subsidiaries. Unless otherwise expressly stated in a Schedule of Benefits, such monthly payments shall be equal to the amount by which the sum of the monthly pension benefits payable to the Eligible Employee from Pension Plans is less than the aggregate amount(s) determined under the applicable Schedule(s) of Benefits. In making this determination, the amount(s) from such Pension Plans shall be determined prior to the election of any payment options (such as joint and survivor elections). In addition, when an Eligible Employee is a participant in more than one Pension Plan and benefits under any one of such Pension Plans are not available immediately on account of early retirement eligibility provisions, then, for the purposes of the Plan, such benefits shall be taken into account as though payable immediately on an actuarially equivalent basis, as reasonably determined by the Committee in its sole discretion. Similarly, for purposes of determining monthly amounts payable from this Plan, if an Eligible Employee commenced or received a distribution of benefits from one or more Pension Plans before benefits are payable under this Plan, such distributed benefits shall be taken into account for purposes of this paragraph as though they had not been previously distributed, adjusted on an actuarially equivalent basis, using the factors in effect under such Pension Plans for adjusting payment forms when the benefits commenced or were paid.

ARTICLE 7. FINAL AVERAGE EARNINGS

(a) GENERAL RULES. Final Average Earnings means, except as further modified by subsection (b), the five-year average of the Eligible Employee's last 60 months of base salary, sales commissions and overtime plus fifty percent (50%) of the MIPs earned and paid during that period. If the Eligible Employee's period of employment is less than 60 months, the number of actual months of the Eligible Employee's period of employment with the Company and its Subsidiaries shall be used to determine Final Average Earnings. Notwithstanding the foregoing, if the Eligible Employee received salary for less than 15 days in a calendar month, the salary and overtime for that month shall not count and that month shall not count among the months to be averaged in determining Final Average Earnings. For purposes of determining Final Average Earnings of a Disabled Participant (as defined in VCRIP), the Eligible Employee's base salary and overtime plus fifty percent (50%) of the MIPs paid during the 12-month period preceding the date that the individual became a Disabled Participant shall be deemed to continue during the period for which the Disabled Participant continues to be credited with Service under VCRIP. Final Average Earnings shall be determined under this Plan without regard to any limitations under Internal Revenue Code Section401(a)(17) on the amount of annual compensation that may be taken into account under qualified plans.

(b) SPECIAL ADJUSTMENTS. Notwithstanding the foregoing, the following additional rules shall apply in determining Final Average Earnings under the Schedules specified:

(1) For an Eligible Employee covered by Schedule B, B', C, D and/or E (but not F), Final Average Earnings shall include MIPs that would otherwise be included but for the fact the bonus was deferred.

(2) For an Eligible Employee covered by Schedule B or C, but not Schedule D, fifty percent (50%) of the MIPs awarded (whether paid or deferred) for the five (5) calendar years in which the MIPs were the highest, rather than fifty percent (50%) of the MIPs awarded for the last five (5) years or shorter period of employment, shall be used in determining the Eligible Employee's Final Average Earnings.

(3) For an Eligible Employee covered by both Schedule B and Schedule D, one hundred percent (100%) of the MIPs awarded (whether paid or deferred) for the five (5) calendar years in which the MIPs were the highest, rather than fifty percent (50%) of the MIPs awarded for the last five (5) years or shorter period of employment, shall be used in determining the Eligible Employee's Final Average Earnings.

(4) For an Eligible Employee covered by Schedule B', one hundred percent (100%) of the MIPs awarded (whether paid or deferred) for the five (5) calendar years in which the MIPs were the highest, rather than fifty percent (50%) of the MIPs awarded for the last five (5) years or shorter period of employment, shall be used in determining the Eligible Employee's Final Average Earnings.

(5) For an Eligible Employee covered by Schedule D, but not Schedule B, one hundred percent (100%), rather than fifty percent (50%), of the MIPs awarded (whether paid or deferred) for the last five (5) calendar years or shorter period

of employment shall be used in determining the Eligible Employee's Final Average Earnings.

(6) An Eligible Employee's Final Average Earnings at December 31, 1997, used to determine the Pre-1998 Benefit under Schedules B, D and F and also used in place of Average Monthly Compensation at December 31, 1997 under Schedule C, is the five (5) year average of the Eligible Employee's base salary and overtime from 1993 through 1997 and:

(A) For Schedules B and C, one hundred percent (100%) of the MIPs awarded (whether paid or deferred) in the five calendar years through 1997 in which the MIPs were the highest;

(B) For Schedule D, one hundred percent (100%) of the MIP bonuses awarded (whether paid or deferred) in the five calendar year period from 1993 through 1997; and

(C) For Schedule F, one hundred percent (100%) of the MIPs earned and paid in the five calendar year period from 1993 through 1997.

If the Eligible Employee's period of employment is less than 60 months as of December 31, 1997, the number of actual months of the Eligible Employee's period of employment from 1993 through 1997 with the Company and its Subsidiaries shall be used to determine Final Average Earnings.

(7) An Eligible Employee's Final Average Earnings at December 31, 1988 used to determine the Pre-1998 Benefit under Schedules D and F shall be determined using only base salary, and no overtime or MIPs, through 1988.

(8) For all Schedules, any deferrals included in Final Average Earnings shall only be counted once in calculating such Final Average Earnings.

ARTICLE 8. OPTIONAL FORMS

If any pension benefit is payable to an Eligible Employee from a Pension Plan, and an optional form of payment is elected under that Pension Plan, then a similar election will be deemed made under the Plan. If two or more such pensions are payable from such other Pension Plans, then the option selected from the Pension Plan generating the largest monthly pension payment (include the beneficiary designation in connection with such option and benefits, if applicable) shall prevail for the purposes of the Plan. Notwithstanding the foregoing, no lump sum distributions shall occur or be permitted hereunder except as provided under Article 13 or, with respect to an Eligible Employee who has only a Cash Accumulation Benefit (as defined in VCRIP) under VCRIP and has elected to receive that benefit as a lump sum, as provided under Schedules C and E. Except as otherwise provided in Schedule E, if the Eligible Employee has both a Cash Accumulation Benefit and a

Grandfathered Benefit (as defined in VCRIP), the benefit under this Plan shall be paid in the same payment form as the Grandfathered Benefit is paid.

ARTICLE 9. LISTING OF ELIGIBLE EMPLOYEES

A listing of Eligible Employees shall be maintained in the form of the Exhibits to the Plan. Exhibit A shall contain those covered under Schedule A, and so on for B, B', C, D, and F. If an employee is incorrectly included or excluded from an Exhibit, actual entitlement to participation and benefits under the Plan shall be reasonably determined by the Committee in its sole discretion.

ARTICLE 10. SURVIVOR'S BENEFIT

(a) ELIGIBILITY. If while covered by this program, for purposes other than a terminated vested benefit, an Eligible Employee dies before benefits have commenced and if on the date of his or her death such Eligible Employee:

(1) Was covered by one or more Schedule of Benefits and has 5 or more years of service; or

(2) Was 55 years of age or older;

then his or her Eligible Spouse (if any), as defined in the VCRIP, shall be entitled to a survivor's benefit.

(b) AMOUNT. This survivor's benefit shall be calculated by assuming that the Eligible Employee:

(1) Was 55 years of age (or his actual age if older) on the date of death;

(2) Retired on the first day of the month following his or her death; and

(3) Elected a Single Life Annuity.

The Eligible Spouse will be entitled to receive 1/2 of this benefit which shall be further reduced by 1/6 of 1% for each month the Eligible Spouse is more than 60 months younger than the Eligible Employee.

The survivor's benefit under this Article 10 shall be reduced by any spousal survivor's benefit payable from Pension Plans when such benefit becomes payable, as reasonably determined by the Committee in its sole discretion.

ARTICLE 11. VESTING

In addition to all the terms and conditions of the Plan, no Eligible Employee or beneficiary shall be entitled to a benefit under the Plan unless such Eligible Employee has actually attained fully vested status in VCRIP, as reasonably determined by the Committee in its sole discretion. Notwithstanding any other provision hereof, any Eligible Employee hereunder who has accumulated five years of service with the Company and its Subsidiaries taken as a whole, ignoring breaks in service, shall be fully vested and entitled to benefits hereunder.

ARTICLE 12. 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 Article 12, 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 Article 12.

(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 Article 12, 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 memoranda 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 subsection (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 13. CHANGE OF CONTROL

Upon a Change of Control, the provisions of this paragraph shall apply and override any contrary provisions of this Plan or any Schedule. For purposes of this Article 13, "Change of Control" shall have the meaning specified in Section 3(a) of the Trust Agreement for the Viad Corp Executives' Deferred Compensation and Benefit Security Trust.

Upon a Change of Control, all Plan benefits of each Eligible Employee who is an active Employee of the Company (or any of its Subsidiaries) and who is covered by Schedule B or Schedule B' as of the date of the Change of Control shall be immediately determined, based on the facts in existence as of the date of the Change of Control and without regard to Article 12. The Plan benefits so determined shall be fully vested and paid to each such Eligible Employee in an actuarially equivalent single sum as soon as practicable following the Change of Control; provided, however, that such immediate vesting and payment shall not be made if an acquiring entity has a credit rating from Standard & Poors Corporation on its longer term unsecured debt obligations of single "A" or better. The determination of "actuarially equivalent" shall be made in accordance with generally accepted actuarial methods using:

(a) For the interest rate, the annual rate of interest on 30-year Treasury securities for the month of November preceding the calendar year in which the benefit is distributed, and

(b) For the mortality basis, the rates prescribed by the 1983 Group Annuity Mortality Table with a fixed blend of 50 percent male mortality rates and 50 percent female mortality rates (commonly referred to as the '83 GATT Table).

ARTICLE 14. ADMINISTRATION, MODIFICATION, AND TERMINATION OF THE PLAN

The Board of Directors of the Company may terminate the Plan or any Schedule of Benefits at any time. Any amounts vested under the Plan prior to any such termination shall continue to be subject to the terms and conditions in effect under the Plan when the Plan is terminated. The Plan may be amended at any time or from time to time by the Board of Directors of the Company; provided, however, that no amendment shall have the effect of retroactively reducing benefits earned up to the date that the amendment is adopted. The Company shall have full power and authority to interpret and administer the Plan, to promulgate rules of Plan administration, to adopt a claims procedure, to conclusively settle any disputes as to rights or benefits arising from the Plan, and to make such decisions or take such actions as the Company, in its sole discretion, reasonably deems necessary or advisable to aid in the proper administration and maintenance of the Plan.

ARTICLE 15. TAX WITHHOLDING

Any federal, state or local taxes, including FICA tax amounts, required by law to be withheld with respect to benefits earned and vested under this Plan or any other compensation arrangement may be withheld from the Eligible Employee's benefit, salary, wages or other amounts paid by the Company and reasonably available for withholding. Prior to making or authorizing any benefit payment under this Plan, the Company may require such documents from any taxing authority, or may require such indemnities or a surety bond from any Eligible Employee or beneficiary, as the Company shall reasonably consider necessary for its protection.

ARTICLE 16. MISCELLANEOUS

The Plan, and any determination made by the Committee or the Company in connection therewith, shall be binding upon each Eligible Employee, his or her beneficiary or beneficiaries, heirs, executors, administrators, successors and assigns. Notwithstanding the foregoing sentence, no benefit under the Plan may be sold, assigned, transferred, conveyed, hypothecated, encumbered, anticipated or otherwise disposed of, and any attempt to do so shall be void. No such benefit payment shall be, prior to actual receipt thereof by the Eligible Employee, or his or her beneficiary or beneficiaries, as the case may be, in any manner subject to the debts, contracts, liabilities or engagements of such Eligible Employee or beneficiary(ies). The Plan shall not constitute, nor be deemed to constitute, a contract of employment between the Company, or any of its Subsidiaries, and any Eligible Employee, nor shall any provision hereof restrict the right of the Company or any of its Subsidiaries to discharge any Eligible Employee from his or her employment, with or without cause. If any particular provision of this Plan shall be found to be illegal or unenforceable, such provision shall not affect any other provision, but this Plan shall be construed in all respects as if such invalid provision were omitted.

ARTICLE 17. APPLICABLE LAW

This Plan shall be construed in accordance with and governed by the laws of the State of Arizona to the extent not superseded by the laws of the United States of America.

SCHEDULE A.

1. GENERAL RULES Benefits payable under this Schedule of Benefits are in lieu of, not in addition to, any other benefit provided for in this Plan. It is the intent of the Company that:

(a) Benefits shall be payable under this Schedule of Benefits only if it generates the largest monthly benefits when compared to other benefits to which the Eligible Employee is otherwise entitled under the Plan, and

(b) Benefits payable under this Schedule of Benefits shall be the only benefits payable to an Eligible Employee under the Plan.

The provisions of this Schedule A shall not be construed to modify or limit the provisions of any other Schedule of Benefits to the extent such other Schedule of Benefits deems certain facts to be true for the purposes of the Plan.

Benefits may be payable under this Schedule of Benefits in respect of persons employed by the Company who are selected by the Board of Directors for inclusion under this Schedule of Benefits. The amount used under this Schedule of Benefits to determine the monthly benefit payable to any Eligible Employee under Article 6 is the Schedule A Benefit.

2. SCHEDULE A BENEFIT For purposes of this Schedule A, the Schedule A Benefit is the monthly benefit of the designated Eligible Employee as determined from the following table:

ELIGIBLE EMPLOYEE	MONTHLY BENEFIT
J. Grimm	$ 5,718.09
F. Nageotte	$ 22,769.03

The Schedule A Benefit is the net monthly benefit payable to the Eligible Employee under this Plan. Notwithstanding any provision of Article 6 to the contrary, the Schedule A Benefit is not offset by amounts payable to the Eligible Employee under any other Pension Plan.

3. NO REDUCTION FOR EARLY RETIREMENT The Schedule A Benefit shall be payable on the later of the first day of the month following termination of employment or the first day of the month following the month in which the participant attains age 55. The benefit shall not be subject to any reduction resulting from the Eligible Employee's election to retire prior to his or her normal retirement date.

4. UNREDUCED PAYMENT FORM If the Eligible Employee is married on the date of his or her retirement, the benefit shall be paid in the form of a joint and 50% survivor annuity and shall not be reduced to reflect such form of payment.

If the Eligible Employee elects any other optional form of payment under the VCRIP then the reduction in such optional form of benefit shall be based on the unreduced joint and 50% survivor annuity benefit.

Eligible Employees under this Schedule are listed on Exhibit A to this Plan.

SCHEDULE B.

1. GENERAL RULES Benefits may be payable under this Schedule of Benefits in respect of persons employed by the Company or any of its Subsidiaries, who are selected by the Chief Executive Officer of the Company. The annual amount under this Schedule of Benefits used to determine the monthly benefit (one-twelfth of the annual amount) payable to an Eligible Employee under Article 6 is the sum of the Eligible Employee's Post-1997 Benefit and the Eligible Employee's Pre-1998 Benefit. In determining an Eligible Employee's Post-1997 Benefit and Pre-1998 Benefit under this Schedule B, Credited Service shall include, in addition to employment counted under Article 2(c), the Eligible Employee's period of employment, determined on an elapsed time basis, with the Armour & Company controlled group before it merged with the Company.

2. POST-1997 BENEFIT For purposes of this Schedule B, the Post-1997 Benefit is the sum of (a) and (b), multiplied by the Eligible Employee's Credited Service for periods after 1997, where:

(a) Is 1.15 percent of the Eligible Employee's Final Average Earnings up to Covered Compensation.

(b) Is 1.70 percent of the excess, if any, of the Eligible Employee's Final Average Earnings over Covered Compensation.

An Eligible Employee's Credited Service under this section 2 shall be limited to 30 years minus any Credited Service taken into account for purposes of any calculation under section 3.

3. PRE-1998 BENEFIT For purposes of this Schedule B, the Pre-1998 Benefit is (b) subtracted from (a), with the resulting difference multiplied by (c), where:

(a) Is 1.834 percent of the Eligible Employee's Final Average Earnings at December 31, 1997, multiplied by the Eligible Employee's Credited Service through December 31, 1997.

(b) Is 1.667 percent of the Primary Social Security Benefit, multiplied by the Eligible Employee's Credited Service through December 31, 1997.

(c) Is a fraction (not less than one) whose numerator is the Eligible Employee's Final Average Earnings at termination of employment and whose denominator is the Eligible Employee's Final Average Earnings at December 31, 1997.

4. REDUCTION IN MONTHLY AMOUNT FOR COMMENCEMENT BEFORE AGE 60 The monthly amount determined under this Schedule of Benefits shall be subject to no reduction if the Eligible Employee commences benefits on or following his or her 60th birthday; and a reduction of one-quarter (1/4) of one percent for each month benefit commencement precedes his or her 60th birthday. In no event, however, may an Eligible Employee commence benefits prior to his or her 55th birthday.

5. UNREDUCED PAYMENT FORM If the Eligible Employee is married on the date of his or her retirement, the benefit shall be paid in the form of a joint and 50% survivor annuity and shall not be reduced to reflect such form of payment.

If the Eligible Employee elects any other optional form of payment under the VCRIP, the reduction in such optional form of benefits as applied under this Schedule of Benefits shall be based on an unreduced joint and 50% survivor annuity benefit.

Eligible Employees under this Schedule B are listed on Exhibit B to the Plan.

SCHEDULE B'.

1. GENERAL RULES

Benefits may be payable under this Schedule of Benefits in respect of persons employed by the Company who are selected by the Board of Directors of the Company. The annual amount under this Schedule of Benefits used to determine the monthly benefit (one-twelfth of the annual amount) payable to an Eligible Employee under Article 6 is the greater of the Basic Benefit or the Age 58 or Later Benefit.

2. BASIC BENEFIT

For purposes of this Schedule B', the Basic Benefit is the difference when (b) is subtracted from (a), where:

(a) Is 1.834 percent of the Eligible Employee's Final Average Earnings, multiplied by the Eligible Employee's Credited Service.

(b) Is 1.667 percent of the Primary Social Security Benefit, multiplied by the Eligible Employee's Credited Service.

The Basic Benefit determined under this section shall be subject to no reduction if the Eligible Employee commences benefits on or following his or her 60th birthday and a reduction of one-quarter (1/4) of one percent for each month benefit commencement precedes his or her 60th birthday. In no event, however, may an Eligible Employee commence benefits prior to his or her 55th birthday.

3. AGE 58 OR LATER BENEFIT

If the Eligible Employee is actively employed by the Company at such time as the Eligible Employee attains age 58 and continues to be actively employed upon the attainment of the ages shown in Table A below, then, for purposes of this Schedule B', the Age 58 or Later Benefit is a monthly pension based on the amount derived from Table A below, offset by the amounts derived from Table B below.

TABLE A

UPON ATTAINMENT OF THE FOLLOWING AGES	THE FOLLOWING PERCENTAGE OF FINAL AVERAGE EARNINGS:
58	30%
59	40%
60	50%
61	52%
62	54%
63	56%
64	58%
65	60%

The above percentages of Final Average Earnings shall be attained only upon the Eligible Employee's birthday without any interpolation for retirements between birthdays.

TABLE B

UPON RETIREMENT AT THE FOLLOWING AGES:	THE FOLLOWING MONTHLY OFFSET:	
58	$2,706	And any and all special retirement benefits paid pursuant to any Change of Control provisions set forth in any agreements by and between the Eligible Employee and Viad Corp (including the Executive Severance Agreement Entered into in January 1997) as such provisions enhance retirement benefits.
59	$2,912	
60	$3,130	
61	$3,173	
62	$3,216	
63	$3,257	
64	$3,295	
65	$3,327	

4. CHANGE OF CONTROL

In the event of a Change of Control, the Eligible Employee will receive a retirement benefit equal to the greater of the retirement benefit calculated:

(a) Pursuant to the Change of Control provisions set forth in any agreements by and between Eligible Employee and Viad Corp (including the Executive Severance Agreement entered into on January 1, 1997), or

(b) By using this Schedule B' as described above.

5. UNREDUCED PAYMENT FORM

If the Eligible Employee is married on the date of his or her retirement, the benefit shall be paid in the form of a joint and 50% survivor annuity and shall not be reduced to reflect such form of payment.

If the Eligible Employee elects any other optional form of payment under the VCRIP, then the reduction in such optional form of benefits shall be based on unreduced joint and 50% survivor annuity benefit.

Eligible Employees under this Schedule B' are listed on Exhibit B' to the Plan.

SCHEDULE C.

1. GENERAL RULES Benefits may be payable under this Schedule of Benefits in respect of persons employed by the Company or any of its Subsidiaries, who are selected by the Chief Executive Officer of the Company. The annual amount under this Schedule of Benefit used to determine the monthly benefit (one-twelfth of the annual amount) payable to an Eligible Employee under Article 6 shall be the Transferred Employee Benefit.

2. TRANSFERRED EMPLOYEE BENEFIT For purposes of this Schedule C, the Transferred Employee Benefit is a monthly pension based on the rules of VCRIP for the Eligible Employee applicable at the time of his or her retirement, including any reductions for early retirement. For purposes of determining the monthly pension attributable to service prior to January 1, 2001, the benefit shall be deemed to have accrued under the Amended and Restated Appendix Prior Plan: Greyhound Employees' Retirement Income Plan of the Predecessor Plan Document using one-twelfth of Final Average Earnings, as defined in Article 7, in place of Average Monthly Compensation.

For purposes of determining an Eligible Employee's monthly pension under this Schedule C based on the Cash Accumulation Formula of VCRIP, Compensation shall be as defined under VCRIP with the following modifications:

(a) Compensation under this Schedule of Benefits shall be determined without regard to the annual limit on compensation that may be taken into account under a qualified plan pursuant to Internal Revenue Code Section 401(a)(17).

(b) Compensation under this Schedule of Benefits shall include MIPs that would otherwise be included but for the fact the bonus was deferred. Such MIPs shall be counted as Compensation in the year awarded and deferred and shall not be counted again in the year paid.

3. UNREDUCED PAYMENT FORM If the Eligible Employee is married on the date of his or her retirement, the benefit shall be paid in the form of a joint and 50% survivor annuity and shall not be reduced to reflect such form of payment.

If the Eligible Employee elects any other optional form of payment under the VCRIP, the reduction in such optional form of benefits as applied under this Schedule of Benefits shall be based on an unreduced joint and 50% survivor annuity benefit.

Eligible Employees under this Schedule C are listed on Exhibit C to the Plan.

SCHEDULE D.

1. GENERAL RULES

Benefits may be payable under this Schedule of Benefits in respect of persons employed by the Company or any of its Subsidiaries, who are selected by the Chief Executive Officer of the Company. The following rules shall be used to determine the annual amount used to compute the monthly benefit (one-twelfth of the annual amount) payable to an Eligible Employee under Article 6:

(a) If the Eligible Employee is covered only under this Schedule D, the monthly amount determined under section 3 of this Schedule.

(b) If the Eligible Employee is covered under Schedule B as well as this Schedule D, then the monthly amount shall be determined under Schedule B; provided, however, that in determining the Eligible Employee's Final Average Earnings, the special adjustments applicable to Eligible Employees covered by this Schedule D, as further specified in Article 7(b), shall be made.

2. EMPLOYEES ELIGIBLE FOR COVERAGE UNDER SCHEDULE D For purposes of this Schedule D, Eligible Employees shall be defined to mean only those employees selected by the Chief Executive Office of the Company:

(a) Who are eligible to receive awards under the Management Incentive Plan, or its predecessor or successor plan, and

(b) Who either:

(1) Were age 55 or older on or before December 31, 1997, or

(2) Received letters dated October 4, 2000 from the Company's Vice President - Human Resources indicating that 100% of their MIPs would be used in determining Final Average Earnings.

Coverage of an Eligible Employee under this Schedule D neither requires nor precludes the Eligible Employee's coverage under another Schedule of Benefits. However, coverage under this Schedule D also does not provide duplication of benefits for an Eligible Employee who, in addition to being covered under this Schedule D is covered under another Schedule of Benefits.

3. ELIGIBLE EMPLOYEES COVERED ONLY BY SCHEDULE D The annual amount computed under this Schedule of Benefits for use in determining the monthly benefit (one-twelfth of the annual amount) payable to an Eligible Employee under Article 6 is the sum of the Eligible Employee's Post-1997 Benefit and the Eligible Employee's Pre-1998 Benefit.

(a) For purposes of this Schedule D, the Post-1997 Benefit is the sum of
(1) and (2), multiplied by the Eligible Employee's Credited Service for periods after 1997, where:

(1) Is 1.15 percent of the Eligible Employee's Final Average Earnings up to Covered Compensation.

(2) Is 1.70 percent of the excess, if any, of the Eligible Employee's Final Average Earnings over Covered Compensation.

An Eligible Employee's Credited Service under this subsection (a) shall be limited to 30 years minus any Credited Service taken into account for purposes of any calculation under subsection (b).

(b) For purposes of this Schedule D, the Pre-1998 Benefit is the sum of
(1), (2), and (3), together multiplied by (4), where:

(1) Is 1.25 percent of Eligible Employee's Final Average Earnings at December 31, 1997 up to Covered Compensation at December 31, 1997, multiplied by the Eligible Employee's Credited Service for the period from January 1, 1989 through December 31, 1997.

(2) Is 1.75 percent of the excess, if any, of the Eligible Employee's Final Average Earnings at December 31, 1997 over Covered Compensation at December 31, 1997, multiplied by the Eligible Employee's Credited Service for the period from January 1, 1989 through December 31, 1997.

(3) Is the Eligible Employee's accrued benefit as of December 31, 1988, if any, determined in accordance with the terms of VCRIP as in effect immediately prior to January 1, 1989, multiplied by a fraction (not less than one), the numerator of which is the Eligible Employee's Final Average Earnings at December 31, 1997, and the denominator of which is the Eligible Employee's Final Average Earnings at December 31, 1988.

(4) Is a fraction (not less than one) whose numerator is the Eligible Employee's Final Average Earnings at termination of employment and whose denominator is the Eligible Employee's Final Average Earnings at December 31, 1997.

4. REDUCTION IN MONTHLY AMOUNT FOR COMMENCEMENT BEFORE AGE 65 The monthly amount determined under this Schedule of Benefits shall be subject to a reduction of one-third (1/3) of one percent for each of the first thirty-six (36) months that benefit commencement precedes his or her 65th birthday and of five-twelfths (5/12) of one percent for each additional month (over 36) that benefit commencement precedes his or her 65th birthday. In no event, however, may an Eligible Employee commence benefits prior to his or her 55th birthday.

Eligible Employees under this Schedule D are listed on Exhibit D to the Plan.

SCHEDULE E.

1. GENERAL RULES Employees of the Company who participate in the VCRIP automatically become Eligible Employees under this Schedule E if their benefits under the VCRIP are limited by Internal Revenue Code Section401(a)(17) or Section415. The Company shall administratively identify the Eligible Employees under this Schedule E, based on the effect of such Internal Revenue Code provisions on their VCRIP benefits. Designation as an Eligible Employee under this Schedule E shall not require separate approval of the Board of Directors or the Chief Executive Officer of the Company.

Coverage of an Eligible Employee under this Schedule E neither requires nor precludes the Eligible Employee's coverage under another Schedule of Benefits. However, coverage under this Schedule E also does not provide duplication of benefits for an Eligible Employee who, in addition to being covered under this Schedule E, is covered under another Schedule of Benefits. The Company may determine and communicate an Eligible Employee's aggregate benefit under this Plan by considering this Schedule E together with any other Schedule of Benefits that happens to cover the Eligible Employee. Subject to the foregoing, the amount of benefit attributable to this Schedule E and payable to an Eligible Employee pursuant to Article 6 shall be the Restoration Benefit.

2. RESTORATION BENEFIT For purposes of this Schedule E, the Restoration Benefit is a monthly pension based on the rules of VCRIP applicable to the Eligible Employee at the time of his or her retirement, including any reductions for early retirement, but using one-twelfth of Final Average Earnings, as defined in Article 7, in place of Average Monthly Compensation and using one-twelfth of Final Average Earnings determined as of December 31, 2000, for purposes of calculating the Grandfathered Benefit. For purposes of this Schedule of Benefits, Compensation shall be determined without regard to the annual limit on compensation that may be taken into account under a qualified plan pursuant to Internal Revenue Code Section401(a)(17) and shall include MIPs that would otherwise have been included but for the fact that the bonus was deferred. Notwithstanding the foregoing, any MIPs included in Compensation shall only be counted once. In addition, the monthly pension shall be determined under this section without regard to the limitations set forth in Internal Revenue Code Section415 and applicable to qualified plans.

Notwithstanding any Plan provision to the contrary, if the Eligible Employee's Restoration Benefit is solely attributable to Service (as defined in VCRIP) after December 31, 2000, then the Eligible Employee's benefit under this Schedule shall be paid in the same payment form as the Eligible Employee elected to receive his or her Cash Accumulation Benefit under VCRIP.

SCHEDULE F.

1. GENERAL RULES Benefits may be payable under this Schedule of Benefits in respect of persons employed by the Company who are selected by the Chief Executive Officer of the Company. The annual amount used under this Schedule of Benefits to determine the monthly benefit (one-twelfth of the annual amount) payable to an Eligible Employee under Article 6 is the sum of the Eligible Employee's Post-1997 Benefit and the Eligible Employee's Pre-1998 Benefit.

2. POST-1997 BENEFIT For purposes of this Schedule F, the Post-1997 Benefit is the sum of (a) and (b), multiplied by the Eligible Employee's Credited Service for periods after 1997, where:

(a) Is 1.15 percent of the Eligible Employee's Final Average Earnings up to Covered Compensation.

(b) Is 1.70 percent of the excess, if any, of the Eligible Employee's Final Average Earnings over Covered Compensation.

An Eligible Employee's Credited Service under this section 2 shall be limited to 30 years minus any Credited Service taken into account for purposes of any calculation under section 3.

3. PRE-1998 BENEFIT

For purposes of this Schedule F, the Pre-1998 Benefit is the sum of (a), (b), and (c), together multiplied by (d), where:

(a) Is 1.25 percent of Eligible Employee's Final Average Earnings at December 31, 1997 up to Covered Compensation at December 31, 1997, multiplied by the Eligible Employee's Credited Service for the period from January 1, 1989 through December 31, 1997.

(b) Is 1.75 percent of the excess, if any, of the Eligible Employee's Final Average Earnings at December 31, 1997 over Covered Compensation at December 31, 1997, multiplied by the Eligible Employee's Credited Service for the period from January 1, 1989 through December 31, 1997.

(c) Is the Eligible Employee's accrued benefit as of December 31, 1988, if any, determined in accordance with the terms of VCRIP as in effect immediately prior to January 1, 1989, multiplied by a fraction (not less than one), the numerator of which is the Eligible Employee's Final Average Earnings at December 31, 1997, and the denominator of which is the Eligible Employee's Final Average Earnings at December 31, 1988.

(d) Is a fraction (not less than one) whose numerator is the Eligible Employee's Final Average Earnings at termination of employment and whose denominator is the Eligible Employee's Final Average Earnings at December 31, 1997.

4. REDUCTION IN MONTHLY AMOUNT FOR COMMENCEMENT BEFORE AGE 65 The monthly amount determined under this Schedule of Benefits shall be subject to a reduction of one-third (1/3) of one percent for each of the first thirty-six (36) months that benefit commencement precedes his or her 65th birthday and of five-twelfths (5/12) of one percent for each additional month (over 36) that benefit commencement precedes his or her 65th birthday. In no event, however, may an Eligible Employee commence benefits prior to his or her 55th birthday.

Eligible Employees under this Schedule F are listed on Exhibit F to the Plan.