

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

**FORM 8-K**

**CURRENT REPORT**

**PURSUANT TO SECTION 13 OR 15 (d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

May 16, 2003

Date of Report (Date of earliest event reported)

**VIAD CORP**

(Exact name of registrant as specified in its charter)

Delaware	001-11015	36-1169950
(State or other jurisdiction of incorporation or organization)	(Commission file number)	(I.R.S. Employer Identification No.)

1850 N. Central Ave., Phoenix, Arizona 85077  
(Address of principal executive offices) (Zip Code)

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

**Item 5. OTHER EVENTS**

On May 16, 2003, Viad Corp (the "Company") announced in a press release that it has resolved the previously announced issue related to structured note accounting and will restate its 2002 and 2001 financial results. A copy of the Company's press release dated May 16, 2003 is filed as Exhibit 99.1 hereto.

**Item 7. FINANCIAL STATEMENTS AND EXHIBITS**

(a) Not applicable

(b) Not applicable

(c) Exhibits

99.1 - Press Release dated May 16, 2003

**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)

*May 16, 2003*

*By /s/ G. Michael Latta*  
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*G. Michael Latta*  
*Vice-President - Controller*  
*(Chief Accounting Officer*  
*and Authorized Officer)*

## Viad Corp Resolves Previously Announced Issue Related to Structured Note Accounting

**Results for 2002 and 2001 to be Restated**

Company to Host Conference Call Today at 9:00 a.m. EDT

PHOENIX--(BUSINESS WIRE)--May 16, 2003--Viad Corp (NYSE:VVI) today announced that the company has resolved open accounting matters related to certain structured notes held by its Travelers Express subsidiary.

Travelers Express' float portfolio of approximately \$7.3 billion at March 31, 2003 consists of a variety of investments, predominantly mortgage-backed and other asset-backed securities as well as municipal bonds. Included in other asset-backed securities were \$260 million of structured notes (prior to adjustment), which represented less than 4 percent of the total portfolio. The notes have two components, generally a zero coupon, principal-protected, U.S. Treasury security and the residual cash flow interest of a collateralized debt obligation.

The company has determined, with concurrence from its external auditors, that the U.S. Treasury and residual cash flow components of certain structured notes must be accounted for as separate securities in the financial statements. The company, with concurrence from its external auditors, has also determined that the majority of the structured notes should have been accounted for under EITF No. 99-20(1) rather than EITF No. 96-12(2). EITF No. 99-20 generally requires investments to be written down to fair value when adverse changes in actual or projected cash flows occur.

(1) Emerging Issues Task Force No. 99-20 "Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets" (EITF No. 99-20)

(2) Emerging Issues Task Force No. 96-12 "Recognition of Interest Income and Balance Sheet Classification of Structured Notes" (EITF No. 96-12)

Due to the reduction of actual and projected cash flows from the residual interests, and based on the retroactive application of EITF No. 99-20 to certain structured notes purchased by Travelers Express, and because certain structured notes must be accounted for as separate securities, the company has recorded aggregate impairment losses and interest income adjustments of \$60 million (\$37.3 million, after-tax). The \$60 million includes both the \$19.8 million (\$12.0 million after-tax) and the estimated \$10 million to \$15 million (\$6.1 million to \$9.1 million after-tax) previously announced on April 24th. The charges, which relate only to the residual interest component of the notes, reflect a reduction in estimated future cash flows but have no immediate effect on cash.

The impairment losses and the separation of the components of the securities under EITF No. 99-20 relate to the first quarter of 2003 as well as to 2002 and 2001. Therefore, the company will restate 2002 and 2001 full year net income by \$18.2 million and \$6.5 million, respectively, and record charges of \$12.6 million after-tax in the first quarter of 2003. Viad will amend its 2002 Form 10-K to reflect the 2002 and 2001 charges. The effect of the restatement is summarized below and is presented in Table One of this press release.

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Viad Corp (millions, except per share data)	Q1		Full Year	Full Year	Full Year	Full Year
	2003(3)	2003	2002	2002	2001	2001
		(Revised)		(Restated)		(Restated)
Revenue	\$415.4	\$414.3	\$1,647.0	\$1,618.1	\$1,659.4	\$1,652.0
Net Income	\$22.7	\$22.0	\$76.1	\$57.9	\$51.1	\$44.6
Diluted EPS	\$0.26	\$0.25	\$0.86	\$0.65	\$0.58	\$0.50

Payment Services Segment	Q1	Q1 2003	Full	Full Year	Full	Full Year
	2003(3)	(Revised)	Year	2002	Year	2001
			2002	(Restated)	2001	(Restated)
Revenue	\$190.0	\$189.0	\$802.5	\$773.6	\$713.9	\$706.5
Operating Income	\$21.2	\$20.1	\$154.4	\$125.5	\$129.8	\$122.4

(3) See Viad Corp press release of April 24, 2003

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Robert H. Bohannon, chairman, president and chief executive officer said, "Although we are disappointed by the impairment charge and the consequent need to restate results, we are pleased that this matter has been promptly resolved. The charge in no way diminishes the fundamental strength of Travelers Express' business or its ability to produce strong results in the future. After these charges, we have \$46

million remaining in the residual interest piece of these structured notes, which is less than one percent of the total portfolio." Bohannon added, "Now that a different accounting method for treating these investments has been determined and the charges taken, we believe future exposure associated with these notes has been diminished. In addition, the inclusion of a principal guaranteed instrument in the structure assures the return of our initial investment."

### **Background**

Travelers Express began purchasing structured notes in 1999 and accounted for them under EITF No. 96-12. A newer accounting method, EITF No. 99-20, became effective in the second quarter of 2001. Approximately \$175 million of the total \$260 million in structured note purchases were transacted prior to the second quarter of 2001. It was determined that the company should continue to account for the structured notes under EITF No. 96-12 because of certain principal protection features and the high credit rating of the notes.

On April 10, 2003, the company announced a pre-tax charge of \$11.8 million. This adjustment to interest income (a component of revenue) related to certain structured note securities held by Travelers Express accounted for in accordance with EITF No. 96-12. The company's external auditors reviewed and concurred with the amount of the adjustment and the application of EITF No. 96-12. The adjustment was prompted by a reduction in estimated future cash flows for these securities.

On April 22, 2003 the company's external auditors advised Viad that EITF No. 99-20 should be followed and not EITF No. 96-12. As a result, on April 24, 2003, Viad announced first quarter earnings including an impairment charge of \$19.8 million under EITF No. 99-20 (which included the \$11.8 million previously announced on April 10, 2003 as well as an additional \$8.0 million). At that time, Viad also announced that the company was determining, with its external auditors, whether or not the individual components of the structured notes needed to be accounted for separately as a U.S. Treasury security and a residual interest in a collateralized debt obligation, possibly resulting in additional charges of \$10 million to \$15 million. The subsequent evaluation and analysis resulted in total impairment charges of \$60 million, which includes the \$19.8 million (\$12.0 million after tax) and the \$10 million to \$15 million (\$6.1 million to \$9.1 million after tax) reported on April 24, 2003.

### **Conference Call Information**

Viad Corp will hold a conference call on May 16, 2003 at 9:00 a.m. EDT to discuss the contents of this press release. Participants should call 800/406-5356 to join the call.

### **About Travelers Express**

Travelers Express Company, Inc. is engaged in a variety of payment services activities including issuance and processing of money orders, processing official checks and share drafts and money transfer and cash access services. Travelers Express' revenue and income are derived from transaction fees and investment income. Funds generated from the sale of official checks, money orders and other payment instruments are invested in permissible securities, principally high-quality debt instruments. These investments are restricted to satisfy the liability to pay upon presentment the face amount of payment services obligations. The composition of the float portfolio, investment income, regulatory oversight, and other pertinent information is contained in Viad's First Quarter 2003 Form 10-Q which can be found at [www.viad.com](http://www.viad.com).

### **About Viad Corp**

Viad is a \$1.6 billion revenue S&P MidCap 400 company. Major subsidiaries include Travelers Express/MoneyGram of Minneapolis, GES Exposition Services of Las Vegas and Exhibitgroup/Giltspur of Chicago. For more information, visit the company's Web site at [www.viad.com](http://www.viad.com).

### **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 historical information contained herein, this press release includes certain information, assumptions and discussions that may constitute forward-looking statements. These forward-looking statements are not historical facts, but reflect current estimates, projections, or expectations or trends concerning future growth, operating cash flows, availability of short-term borrowings, consumer demand, new business, investment policies, productivity improvements, ongoing cost reduction efforts, efficiency, competitiveness, tax rates, restructuring plans (including timing and realization of cost savings), yield impairment and market risk. Actual results could differ materially from those projected in the forward-looking statements. Viad's businesses can be affected by a host of risks and uncertainties. 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, consolidation and growth patterns within the industries in which Viad competes and any further deterioration in the economy may individually or in combination impact future results. In addition to factors mentioned elsewhere, economic, competitive, governmental, technological, capital marketplace and other factors, including further terrorist activities or war could affect the forward-looking statements in this press release.

Information about Viad Corp obtained from sources other than the company may be out-of-date or incorrect. Please rely only on company press releases, SEC filings and other information provided by the company.

### **VIAD CORP AND SUBSIDIARIES TABLE ONE -- FINANCIAL RESULTS (UNAUDITED)**

(000 omitted, except per share data)	Quarter Ended	Year Ended December 31,	
	March 31,	2002	2001
	As Revised (1)	As Restated	
Revenues (Note A)	\$414,349	\$1,618,105	\$1,652,022
Segment operating income (Note B)	\$37,172	\$156,695	\$76,669
Corporate activities and minority interests	(3,745)	(22,670)	(17,007)
Net interest expense	(3,048)	(8,737)	(20,284)
Income before income taxes	30,379	125,288	39,378
Income tax (expense) benefit	(8,348)	(29,663)	7,110
Income before change in accounting principle	22,031	95,625	46,488
Change in accounting principle	-	(37,739)	(1,884)
Net income	\$22,031	\$57,886	\$44,604
Diluted net income per common share:			
Income before change in accounting principle	\$0.25	\$1.09	\$0.52
Change in accounting principle	-	(0.44)	(0.02)
Net income per share	\$0.25	\$0.65	\$0.50
Basic net income per common share:			
Income before change in accounting principle	\$0.25	\$1.10	\$0.53
Change in accounting principle	-	(0.44)	(0.02)
Net income per share	\$0.25	\$0.66	\$0.51
Common shares treated as outstanding for net income per share calculations:			
Average outstanding shares	86,008	86,178	85,503
Average outstanding and potentially dilutive shares	86,326	86,716	86,322

(1) Quarterly amounts have been revised from those presented in the company's first quarter 2003 earnings release on April 24, 2003.

**VIAD CORP AND SUBSIDIARIES**  
**TABLE ONE -- NOTES TO FINANCIAL RESULTS**  
(UNAUDITED)

(A) Restatement -- As a result of the first quarter 2003 evaluation of certain structured investments within Viad's payment services float portfolio, it was determined that other-than-temporary impairment losses and interest income adjustments of \$60.0 million (pre-tax) should be recorded. As these charges did not relate exclusively to the first quarter of 2003, but also to the 2002 and 2001 financial results, Viad intends to restate its 2002 and 2001 consolidated financial statements.

A summary of the effects of the revision of first quarter 2003 results and the restatement of 2002 and 2001 are as follows:

Quarter Ended

(000 omitted, except per share data)	March 31, 2003	
	As Previously	As Revised (1)

	Reported	
Payment Services: Revenue	\$190,021	\$189,011
Operating income	\$21,151	\$20,141
Total Company: Revenue	\$415,359	\$414,349
Income before change in accounting principle	\$22,742	\$22,031
Change in accounting principle	-	-
Net income	\$22,742	\$22,031
Diluted income per common share:		
Income before change in accounting principle	\$0.26	\$0.25
Change in accounting principle	-	-
Net income per share	\$0.26	\$0.25
Basic income per common share:		
Income before change in accounting principle	\$0.26	\$0.25
Change in accounting principle	-	-
Net income	\$0.26	\$0.25

Year Ended December 31,

(000 omitted, except per share data)

	2002		2001	
	As Previously Reported	As Restated	As Previously Reported	As Restated
Payment Services: Revenue	\$802,498	\$773,619	\$713,893	\$706,525
Operating income	\$154,399	\$125,520	\$129,768	\$122,400
Total Company: Revenue	\$1,646,984	\$1,618,105	\$1,659,390	\$1,652,022
Income before change in accounting principle	\$113,833	\$95,625	\$51,134	\$46,488
Change in accounting principle	(37,739)	(37,739)	-	(1,884)
Net income	\$76,094	\$57,886	\$51,134	\$44,604

Diluted income per common share:				
Income before change in accounting principle	\$1.30	\$1.09	\$0.58	\$0.52
Change in accounting principle	(0.44)	(0.44)	-	(0.02)
Net income per share	\$0.86	\$0.65	\$0.58	\$0.50
Basic income per common share:				
Income before change in accounting principle	\$1.31	\$1.10	\$0.58	\$0.53
Change in accounting principle	(0.44)	(0.44)	-	(0.02)
Net income	\$0.87	\$0.66	\$0.58	\$0.51

(1) Quarterly amounts have been revised from those presented in the company's first quarter earnings release on April 24, 2003.

**VIAD CORP AND SUBSIDIARIES**  
**TABLE ONE -- NOTES TO FINANCIAL RESULTS (CONTINUED)**  
(UNAUDITED)

(A) Restatement (continued)

(000 omitted, except 2002 First Quarter 2002 Second Quarter per share data)

	As Previously Reported	As Restated	As Previously Reported	As Restated
Payment Services:				
Revenue	\$187,044	\$180,845	\$195,932	\$191,822
Operating income	\$31,784	\$25,585	\$39,254	\$35,144
Total Company:				
Revenue	\$445,021	\$438,822	\$408,511	\$404,401
Income before change in accounting principle	\$32,344	\$28,396	\$32,266	\$29,715
Change in accounting principle	(37,739)	(37,739)	-	-
Net income (loss)	\$(5,395)	\$(9,343)	\$32,266	\$29,715
Diluted income (loss) per common share:				
Income before change in accounting principle	\$0.37	\$0.33	\$0.36	\$0.34
Change in accounting principle	(0.44)	(0.44)	-	-
Net income (loss) per share	\$(0.07)	\$(0.11)	\$0.36	\$0.34
Basic income (loss) per common share:				

Income before change in accounting principle	\$0.37	\$0.33	\$0.37	\$0.34
Change in accounting principle	(0.44)	(0.44)	-	-
Net income (loss) per share	\$(0.07)	\$(0.11)	\$0.37	\$0.34

(000 omitted, except 2001 First Quarter 2001 Second Quarter per share data)

	As Previously Reported	As Restated	As Previously Reported	As Restated
Payment Services: Revenue	\$166,396	\$166,396	\$174,243	\$173,585
Operating income	\$21,893	\$21,893	\$30,905	\$30,247
Total Company: Revenue	\$459,564	\$459,564	\$444,566	\$443,908
Income (loss) before change in accounting principle	\$24,302	\$24,302	\$17,409	\$16,994
Change in accounting principle	-	-	-	(1,884)
Net income (loss)	\$24,302	\$24,302	\$17,409	\$15,110
Diluted income (loss) per common share:				
Income (loss) before change in accounting principle	\$0.28	\$0.28	\$0.20	\$0.19
Change in accounting principle	-	-	-	(0.02)
Net income (loss) per share	\$0.28	\$0.28	\$0.20	\$0.17
Basic income (loss) per common share:				
Income (loss) before change in accounting principle	\$0.28	\$0.28	\$0.20	\$0.20
Change in accounting principle	-	-	-	(0.02)
Net income (loss) per share	\$0.28	\$0.28	\$0.20	\$0.18

(000 omitted, except 2002 Third Quarter 2002 Fourth Quarter per share data)

	As Previously Reported	As Restated	As Previously Reported	As Restated
Payment Services: Revenue	\$209,176	\$203,848	\$210,346	\$197,104
Operating income	\$39,088	\$33,760	\$44,273	\$31,031
Total Company:				



Revenue	\$417,977	\$412,649	\$375,475	\$362,233
	=====	=====	=====	=====
Income before change in accounting principle	\$35,617	\$32,257	\$13,606	\$5,257
Change in accounting principle	-	-	-	-
	-----	-----	-----	-----
Net income (loss)	\$35,617	\$32,257	\$13,606	\$5,257
	=====	=====	=====	=====
Diluted income (loss) per common share:				
Income before change in accounting principle	\$0.41	\$0.37	\$0.15	\$0.06
Change in accounting principle	-	-	-	-
	-----	-----	-----	-----
Net income (loss) per share	\$0.41	\$0.37	\$0.15	\$0.06
	=====	=====	=====	=====
Basic income (loss) per common share:				
Income before change in accounting principle	\$0.41	\$0.37	\$0.16	\$0.06
Change in accounting principle	-	-	-	-
	-----	-----	-----	-----
Net income (loss) per share	\$0.41	\$0.37	\$0.16	\$0.06
	=====	=====	=====	=====

(000 omitted, except 2001 Third Quarter 2001 Fourth Quarter per share data)

	As Previously Reported	As Restated	As Previously Reported	As Restated
Payment Services:				
Revenue	\$181,083	\$176,064	\$192,171	\$190,480
	=====	=====	=====	=====
Operating income	\$33,441	\$28,422	\$43,529	\$41,838
	=====	=====	=====	=====
Total Company:				
Revenue	\$390,086	\$385,067	\$365,174	\$363,483
	=====	=====	=====	=====
Income (loss) before change in accounting principle	\$(15,764)	\$(18,928)	\$25,187	\$24,120
Change in accounting principle	-	-	-	-
	-----	-----	-----	-----
Net income (loss)	\$(15,764)	\$(18,928)	\$25,187	\$24,120
	=====	=====	=====	=====
Diluted income (loss) per common share:				
Income (loss) before change in accounting principle	\$(0.19)	\$(0.22)	\$0.29	\$0.28
Change in accounting principle	-	-	-	-
	-----	-----	-----	-----
Net income (loss) per share	\$(0.19)	\$(0.22)	\$0.29	\$0.28
	=====	=====	=====	=====
Basic income (loss) per common				

share:				
Income (loss)				
before change in				
accounting				
principle	\$ (0.19)	\$ (0.22)	\$ 0.29	\$ 0.28
Change in				
accounting				
principle	-	-	-	-
	-----	-----	-----	-----
Net income (loss)				
per share	\$ (0.19)	\$ (0.22)	\$ 0.29	\$ 0.28
	=====	=====	=====	=====

**VIAD CORP AND SUBSIDIARIES**  
**TABLE ONE -- NOTES TO FINANCIAL RESULTS (CONTINUED)**  
(UNAUDITED)

(B) Reportable Segments

(000 omitted)	Quarter Ended		
	March 31,	Year Ended December 31,	
	2003	2002	2001
	-----	-----	-----
	As Revised (1)	As Restated	
Revenues:			
Payment Services	\$189,011	\$773,619	\$706,525
Convention and Event Services	222,056	786,233	884,044
	-----	-----	-----
Reportable segments	411,067	1,559,852	1,590,569
Travel and Recreation Services	3,282	58,253	61,453
	-----	-----	-----
Total Revenues	\$414,349	\$1,618,105	\$1,652,022
	=====	=====	=====
Segment operating income			
(loss):			
Payment Services	\$20,141	\$125,520	\$122,400
Convention and Event Services	18,605	37,614	36,293
	-----	-----	-----
Reportable segments	38,746	163,134	158,693
Travel and Recreation Services	(1,574)	13,743	14,698
	-----	-----	-----
Subtotal	37,172	176,877	173,391
Restructuring charges and			
other items:			
Payment Services	-	(440)	(5,947)
Convention and Event			
Services	-	(19,742)	(90,775)
Travel and Recreation			
Services	-	-	-
	-----	-----	-----
Total Segment Operating			
Income	\$37,172	\$156,695	\$76,669
	=====	=====	=====

(1) Quarterly amounts have been revised from those presented in the company's first quarter earnings release on April 24, 2003.

CONTACT: Viad Corp  
Patricia D. Phillips, 602/207-1040 (Investor Relations) pphillip@viad.com