
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark one)

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

For the quarterly period ended June 30, 2012

or

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

For the transition period from _____ to _____

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)

1850 North Central Avenue, Suite 1900
Phoenix, Arizona
(Address of principal executive offices)

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

85004-4565
(Zip Code)

(602) 207-1000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Small reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of July 31, 2012, there were 20,258,904 shares of common stock (\$1.50 par value) outstanding.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

VIAD CORP
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	<u>June 30, 2012</u>	<u>December 31, 2011</u>
	<small>(in thousands, except share data)</small>	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 78,024	\$ 100,376
Accounts receivable, net of allowance for doubtful accounts of \$1,290 and \$1,072, respectively	86,312	63,583
Inventories	48,990	35,825
Deferred income taxes	21,622	24,200
Other current assets	23,629	14,647
Total current assets	258,577	238,631
Property and equipment, net	193,549	173,813
Other investments and assets	30,129	31,051
Deferred income taxes	37,086	38,755
Goodwill	135,893	133,694
Other intangible assets, net	2,860	1,884
Total Assets	<u>\$ 658,094</u>	<u>\$ 617,828</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 67,234	\$ 51,448
Other current liabilities	112,104	97,331
Current portion of long-term debt and capital lease obligations	1,578	2,018
Total current liabilities	180,916	150,797
Long-term debt and capital lease obligations	990	1,221
Pension and postretirement benefits	35,531	35,419
Other deferred items and liabilities	46,468	44,212
Total liabilities	263,905	231,649
Commitments and contingencies (Note 16)		
Stockholders' equity:		
Viad Corp stockholders' equity:		
Common stock, \$1.50 par value, 200,000,000 shares authorized, 24,934,981 shares issued	37,402	37,402
Additional capital	592,233	599,188
Retained deficit	(7,763)	(13,256)
Unearned employee benefits and other	(2,300)	(2,951)
Accumulated other comprehensive income (loss):		
Unrealized gains on investments	273	222
Cumulative foreign currency translation adjustments	35,644	34,648
Unrecognized net actuarial loss and prior service credit	(12,972)	(12,977)
Common stock in treasury, at cost, 4,673,952 and 4,790,920 shares, respectively	(256,150)	(264,382)
Total Viad Corp stockholders' equity	386,367	377,894
Noncontrolling interest	7,822	8,285
Total stockholders' equity	394,189	386,179
Total Liabilities and Stockholders' Equity	<u>\$ 658,094</u>	<u>\$ 617,828</u>

See Notes to Condensed Consolidated Financial Statements.

VIAD CORP
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
	(in thousands, except per share data)			
Revenues:				
Convention and event services	\$170,195	\$174,319	\$386,083	\$408,806
Exhibits and environments	46,746	40,416	92,902	90,267
Travel and recreation services	29,509	23,957	36,237	29,717
Total revenues	<u>246,450</u>	<u>238,692</u>	<u>515,222</u>	<u>528,790</u>
Costs and expenses:				
Costs of services	192,844	190,238	414,953	415,037
Costs of products sold	43,108	38,592	84,238	86,632
Corporate activities	2,187	1,576	3,964	2,847
Interest income	(123)	(176)	(292)	(390)
Interest expense	302	380	660	792
Restructuring charges	678	1,206	2,903	1,475
Total costs and expenses	<u>238,996</u>	<u>231,816</u>	<u>506,426</u>	<u>506,393</u>
Income from continuing operations before income taxes	7,454	6,876	8,796	22,397
Income tax expense	<u>2,253</u>	<u>2,588</u>	<u>2,780</u>	<u>8,488</u>
Income from continuing operations	5,201	4,288	6,016	13,909
Income from discontinued operations	<u>639</u>	<u>—</u>	<u>639</u>	<u>—</u>
Net income	5,840	4,288	6,655	13,909
Net loss attributable to noncontrolling interest	<u>250</u>	<u>197</u>	<u>462</u>	<u>363</u>
Net income attributable to Viad	<u>\$ 6,090</u>	<u>\$ 4,485</u>	<u>\$ 7,117</u>	<u>\$ 14,272</u>
Diluted income per common share				
Income from continuing operations attributable to Viad common stockholders	\$ 0.27	\$ 0.22	\$ 0.32	\$ 0.70
Income from discontinued operations attributable to Viad common stockholders	<u>0.03</u>	<u>—</u>	<u>0.03</u>	<u>—</u>
Net income attributable to Viad common stockholders	<u>\$ 0.30</u>	<u>\$ 0.22</u>	<u>\$ 0.35</u>	<u>\$ 0.70</u>
Weighted-average outstanding and potentially dilutive common shares	<u>19,961</u>	<u>20,121</u>	<u>19,950</u>	<u>20,102</u>
Basic income per common share				
Income from continuing operations attributable to Viad common stockholders	\$ 0.27	\$ 0.22	\$ 0.32	\$ 0.70
Income from discontinued operations attributable to Viad common stockholders	<u>0.03</u>	<u>—</u>	<u>0.03</u>	<u>—</u>
Net income attributable to Viad common stockholders	<u>\$ 0.30</u>	<u>\$ 0.22</u>	<u>\$ 0.35</u>	<u>\$ 0.70</u>
Weighted-average outstanding common shares	<u>19,716</u>	<u>19,816</u>	<u>19,680</u>	<u>19,797</u>
Dividends declared per common share	<u>\$ 0.04</u>	<u>\$ 0.04</u>	<u>\$ 0.08</u>	<u>\$ 0.08</u>
Amounts attributable to Viad common stockholders				
Income from continuing operations	\$ 5,451	\$ 4,485	\$ 6,478	\$ 14,272
Income from discontinued operations	<u>639</u>	<u>—</u>	<u>639</u>	<u>—</u>
Net income	<u>\$ 6,090</u>	<u>\$ 4,485</u>	<u>\$ 7,117</u>	<u>\$ 14,272</u>

See Notes to Condensed Consolidated Financial Statements.

VIAD CORP
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
	(in thousands)			
Net income	\$ 5,840	\$4,288	\$6,655	\$13,909
Other comprehensive income:				
Unrealized gain (loss) on investments, net of tax	(42)	3	51	61
Unrealized foreign currency translation adjustments, net of tax	(3,390)	2,059	996	5,612
Amortization of net actuarial loss, net of tax	174	204	349	408
Amortization of prior service credit, net of tax	(172)	(197)	(344)	(395)
Total other comprehensive income (loss)	(3,430)	2,069	1,052	5,686
Comprehensive income	2,410	6,357	7,707	19,595
Comprehensive loss attributable to noncontrolling interest	250	197	462	363
Comprehensive income attributable to Viad	<u>\$ 2,660</u>	<u>\$6,554</u>	<u>\$8,169</u>	<u>\$19,958</u>

See Notes to Condensed Consolidated Financial Statements.

VIAD CORP
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six months ended June 30,	
	2012	2011
	(in thousands)	
Cash flows from operating activities:		
Net income	\$ 6,655	\$ 13,909
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	15,000	14,293
Deferred income taxes	3,828	1,808
Income from discontinued operations	(639)	—
Restructuring charges	2,903	1,475
Gains on disposition of property and other assets	(129)	(8)
Share-based compensation expense	2,854	2,293
Excess tax benefit from share-based compensation arrangements	(269)	(54)
Other non-cash items, net	2,566	2,411
Change in operating assets and liabilities (excluding the impact of acquisitions):		
Receivables	(23,267)	(43,590)
Inventories	(13,139)	8,538
Accounts payable	17,098	14,334
Restructuring liabilities	(1,938)	(2,377)
Accrued compensation	(4,091)	7,267
Customer deposits	15,006	(7,390)
Income taxes payable	107	3,141
Other assets and liabilities, net	(5,560)	(10,083)
Net cash provided by operating activities	<u>16,985</u>	<u>5,967</u>
Cash flows from investing activities:		
Capital expenditures	(14,088)	(12,795)
Acquisition of businesses, net of cash acquired	(23,546)	(25,800)
Proceeds from dispositions of property and other assets	168	264
Proceeds from sale of land	1,041	—
Net cash used in investing activities	<u>(36,425)</u>	<u>(38,331)</u>
Cash flows from financing activities:		
Payments on debt and capital lease obligations	(1,444)	(5,631)
Dividends paid on common stock	(1,623)	(1,630)
Debt issuance costs	—	(1,001)
Common stock purchased for treasury	(1,000)	(679)
Excess tax benefit from share-based compensation arrangements	269	54
Proceeds from exercise of stock options	89	163
Net cash used in financing activities	<u>(3,709)</u>	<u>(8,724)</u>
Effect of exchange rate changes on cash and cash equivalents	797	2,595
Net decrease in cash and cash equivalents	(22,352)	(38,493)
Cash and cash equivalents, beginning of year	100,376	145,841
Cash and cash equivalents, end of period	<u>\$ 78,024</u>	<u>\$107,348</u>
Supplemental disclosure of cash flow information		
Cash paid for income taxes	<u>\$ 5,103</u>	<u>\$ 5,541</u>
Cash paid for interest	<u>\$ 511</u>	<u>\$ 490</u>
Equipment acquired under capital leases	<u>\$ 363</u>	<u>\$ 897</u>

See Notes to Condensed Consolidated Financial Statements.

VIAD CORP
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1. Basis of Preparation and Principles of Consolidation

The accompanying unaudited, condensed consolidated financial statements of Viad Corp (“Viad” or the “Company”) have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six months ended June 30, 2012 are not necessarily indicative of the results that may be expected for the year ending December 31, 2012.

For further information, refer to the consolidated financial statements and related footnotes for the year ended December 31, 2011, included in the Company’s Form 10-K (File No. 001-11015), filed with the Securities and Exchange Commission on March 9, 2012.

The condensed consolidated financial statements include the accounts of Viad and all of its subsidiaries. All significant intercompany account balances and transactions between Viad and its subsidiaries have been eliminated in consolidation. Viad’s reporting segments consist of Marketing & Events U.S., Marketing & Events International and the Travel & Recreation Group.

The Marketing & Events Group, comprised of Global Experience Specialists, Inc. and affiliates (“GES”), specializes in all aspects of the design, planning and production of face-to-face events, immersive environments and brand-based experiences for clients, including show organizers, corporate brand marketers and retail shopping centers. In addition, the Marketing & Events Group provides a variety of immersive, entertaining attractions and brand-based experiences, sponsored events, mobile marketing and other branded entertainment and face-to-face marketing solutions for clients and venues, including shopping malls, movie studios, museums, leading consumer brands and casinos.

The Travel & Recreation Group segment consists of Brewster Inc. (“Brewster”), Glacier Park, Inc. (“Glacier Park”) and Alaskan Park Properties, Inc. (“Alaska Denali Travel”).

Brewster provides tourism services in the Canadian Rockies in Alberta and in other parts of Western Canada. Brewster’s operations include the Banff Gondola, Columbia Icefield Glacier Adventure, motorcoach services, charter and sightseeing services, tour boat operations, inbound package tour operations and hotel operations.

Glacier Park operates five lodges, three motor inns and one four-season resort hotel and provides food and beverage operations, retail operations and tour and transportation services in and around Glacier National Park in Montana and Waterton Lakes National Park in Alberta, Canada. Glacier Park is an 80 percent owned subsidiary of Viad.

In September 2011, Alaska Denali Travel, Viad’s wholly-owned subsidiary, acquired Denali Backcountry Lodge and Denali Cabins. Denali Backcountry Lodge is a 42-guest room lodge located within Denali National Park and Preserve in Alaska and Denali Cabins are 46 guest cabins located near the entrance to Denali National Park and Preserve. In addition to lodging, Alaska Denali Travel also provides food and beverage operations and package tour and transportation services in and around Denali National Park and Preserve.

Note 2. Share-Based Compensation

The following table summarizes share-based compensation expense:

	<u>Three months</u> <u>ended June 30,</u>		<u>Six months ended</u> <u>June 30,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	(in thousands)			
Restricted stock/performance-based restricted stock (“PBRS”)	\$ 971	\$ 937	\$ 1,720	\$1,615
Performance unit incentive plan (“PUP”)	434	194	672	259
Stock options	153	183	302	330
Restricted stock units/PBRS units	79	46	160	89
Total share-based compensation before income tax benefit	1,637	1,360	2,854	2,293
Income tax benefit	(591)	(480)	(1,031)	(801)
Total share-based compensation, net of income tax benefit	<u>\$1,046</u>	<u>\$ 880</u>	<u>\$ 1,823</u>	<u>\$1,492</u>

In addition, \$95,000 and \$124,000 of costs associated with share-based compensation were included in restructuring charges during the six months ended June 30, 2012 and 2011, respectively.

Restricted Stock and PBRs. The following table summarizes restricted stock and PBRs activity:

	Restricted Stock		PBRs	
	Shares	Weighted-Average Grant Date Fair Value	Shares	Weighted-Average Grant Date Fair Value
Balance at January 1, 2012	572,022	\$ 20.36	416	\$ 15.36
Granted	166,750	20.46	—	—
Vested	(189,071)	17.99	(416)	15.36
Forfeited	(3,450)	25.31	—	—
Balance at June 30, 2012	<u>546,251</u>	<u>21.18</u>	<u>—</u>	<u>—</u>

The unamortized cost of all outstanding restricted stock awards as of June 30, 2012 was \$5.6 million, which Viad expects to recognize in the consolidated financial statements over a weighted-average period of approximately 2.3 years. During the six months ended June 30, 2012 and 2011, the Company repurchased 50,894 shares for \$1.0 million and 28,627 shares for \$679,000, respectively, related to tax withholding requirements on vested share-based awards. As of June 30, 2012, there were 1,055,907 total shares available for future grant.

Liability-Based Awards . The following table summarizes the liability-based award activity:

	Restricted Stock Units		PBRs Units		PUP Awards	
	Units	Weighted-Average Grant Date Fair Value	Units	Weighted-Average Grant Date Fair Value	Units	Weighted-Average Grant Date Fair Value
Balance at January 1, 2012	38,600	\$ 19.07	1,956	\$ 15.36	95,500	\$ 23.02
Granted	15,350	20.60	—	—	115,100	20.60
Vested	(13,100)	15.36	(1,956)	15.36	—	—
Balance at June 30, 2012	<u>40,850</u>	<u>20.84</u>	<u>—</u>	<u>—</u>	<u>210,600</u>	<u>21.70</u>

As of June 30, 2012 and December 31, 2011, Viad had liabilities of \$343,000 and \$475,000, respectively, related to restricted stock unit and PBRs unit liability awards. A portion of the 2009 PBRs unit awards vested effective December 31, 2009 and cash payouts of \$35,000 and \$52,000 were distributed in January 2012 and January 2011, respectively. Similarly, a portion of the 2009 restricted stock unit awards vested in February 2012 and cash payouts of \$257,000 were distributed in February 2012.

As of June 30, 2012 and December 31, 2011, Viad had liabilities of \$1.4 million and \$714,000, respectively, related to PUP awards. There were no PUP awards which vested during the six months ended June 30, 2012 or 2011. Furthermore, there were no cash settlements of PUP awards during the six months ended June 30, 2012 or 2011.

Stock Options. The following table summarizes stock option activity:

	Shares	Weighted-	
		Average Exercise Price	Options Exercisable
Options outstanding at January 1, 2012	584,201	\$ 23.32	396,688
Exercised	(4,562)	19.57	
Forfeited or expired	(191,881)	26.18	
Options outstanding at June 30, 2012	<u>387,758</u>	<u>21.95</u>	<u>293,905</u>

The total unrecognized cost related to non-vested stock option awards was \$384,000 as of June 30, 2012, which Viad expects to recognize in the consolidated financial statements over a weighted-average period of approximately one year. No stock options were granted during the six months ended June 30, 2012.

In addition to the above, Viad had stock options outstanding which were granted to employees of MoneyGram International, Inc. (“MoneyGram”) prior to the spin-off of that company in 2004. As of June 30, 2012, there were 2,402 of such options both outstanding and exercisable at an exercise price of \$19.57. The weighted-average remaining contractual life of these options was less than one year. No options were exercised by MoneyGram participants during the six months ended June 30, 2012.

Note 3. Acquisition of Businesses

On March 7, 2012, Viad acquired the Banff International Hotel and related assets for \$23.6 million in cash. The Banff International Hotel is a 162-guest room hotel located in downtown Banff, Alberta, Canada and is operated by Brewster within the Travel & Recreation Group. The following information represents the final amounts assigned to the assets and liabilities of the Banff International Hotel as of the date of acquisition:

	(in thousands)
Cash and cash equivalents	\$ 10
Accounts receivable	23
Other current assets	33
Property and equipment	20,408
Goodwill	1,890
Other intangible assets	1,323
Total assets acquired	<u>23,687</u>
Customer deposits	(64)
Other current liabilities	(67)
Total liabilities acquired	<u>(131)</u>
Purchase price	<u>\$ 23,556</u>

The Company recorded \$1.9 million of goodwill in connection with the transaction, which is included in the Travel & Recreation Group. The primary factor that contributed to a purchase price resulting in the recognition of goodwill relates to future growth opportunities. The goodwill is deductible for tax purposes pursuant to regulations in Canada. The amount assigned to other intangible assets of \$1.3 million relates to an operating contract and customer relationships. The weighted-average amortization period related to the other intangible assets was 7.7 years. The transaction costs related to the acquisition were insignificant. The results of operations of the Banff International Hotel have been included in Viad’s consolidated financial statements from the date of acquisition.

On September 16, 2011, Viad acquired the Denali Backcountry Lodge and Denali Cabins for \$15.3 million in cash. Denali Backcountry Lodge is a 42-guest room lodge located within Denali National Park and Preserve in Alaska and Denali Cabins consist of 46 guest cabins near the entrance to Denali National Park and Preserve. These properties are operated by Viad’s wholly-owned subsidiary, Alaska Denali Travel, within the Travel & Recreation Group. The amounts assigned to the assets and liabilities of Denali Backcountry Lodge and Denali Cabins as of the date of acquisition include: \$11.6 million of property and equipment, \$3.2 million of goodwill, \$626,000 of customer relationship intangible assets and net other liabilities of \$135,000. The primary factor that contributed to a purchase price resulting in the recognition of goodwill relates to future growth opportunities. The acquired goodwill is included in the Travel & Recreation Group and is deductible for tax purposes over a period of 15 years. The weighted-average amortization period related to the customer relationship intangible assets was 5.0 years. The transaction costs related to the acquisition were insignificant. The results of operations of Alaska Denali Travel have been included in Viad’s consolidated financial statements from the date of acquisition.

On June 29, 2011, Viad acquired St. Mary Lodge & Resort (“St. Mary”) for \$15.3 million in cash. St. Mary is a 115-guest room hotel located outside of Glacier National Park’s east entrance and is operated by Glacier Park within the Travel & Recreation Group. The amounts assigned to the assets and liabilities of St. Mary as of the date of acquisition include: \$12.5 million of property and equipment, \$3.1 million of goodwill, \$60,000 related to a non-amortized business license and net other liabilities of \$390,000. The primary factor that contributed to a purchase price resulting in the recognition of goodwill relates to future growth opportunities. The acquired goodwill is included in the Travel & Recreation Group and is deductible for tax purposes over a period of 15 years. The transaction costs related to the acquisition were insignificant. The results of operations of St. Mary have been included in Viad’s consolidated financial statements from the date of acquisition.

On January 5, 2011, Viad acquired Grouse Mountain Lodge for \$10.5 million in cash. Grouse Mountain Lodge is a 145-guest room hotel located in Whitefish, Montana and is operated by Glacier Park within the Travel & Recreation Group. The amounts assigned to the assets and liabilities of Grouse Mountain Lodge as of the date of acquisition include: \$8.8 million of property and equipment, \$1.3 million of goodwill, \$400,000 related to a non-amortized business license and net

other assets of \$24,000. The primary factor that contributed to a purchase price resulting in the recognition of goodwill relates to future growth opportunities. The acquired goodwill is included in the Travel & Recreation Group and is deductible for tax purposes over a period of 15 years. The transaction costs related to the acquisition were insignificant. The results of operations of Grouse Mountain Lodge have been included in Viad's consolidated financial statements from the date of acquisition.

The following table summarizes the unaudited pro forma results of operations attributable to Viad for the three and six months ended June 30, assuming that all of the acquisitions above had each been completed at the beginning of each period:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2012	2011	2012	2011
	(in thousands, except per share data)			
Revenue	\$246,450	\$242,421	\$515,672	\$533,204
Depreciation and amortization	\$ 8,073	\$ 7,828	\$ 15,204	\$ 15,231
Operating income	\$ 10,466	\$ 10,603	\$ 16,000	\$ 26,969
Net income	\$ 6,068	\$ 4,851	\$ 7,095	\$ 14,126
Diluted net income per share	\$ 0.30	\$ 0.24	\$ 0.35	\$ 0.70
Basic net income per share	\$ 0.30	\$ 0.24	\$ 0.35	\$ 0.70

Note 4. Inventories

The components of inventories were as follows:

	June 30,	December 31,
	2012	2011
	(in thousands)	
Raw materials	\$19,071	\$ 18,297
Work in process	29,919	17,528
Inventories	<u>\$48,990</u>	<u>\$ 35,825</u>

Note 5. Property and Equipment

Property and equipment consisted of the following:

	June 30,	December 31,
	2012	2011
	(in thousands)	
Land and land interests	\$ 25,871	\$ 18,134
Buildings and leasehold improvements	126,431	109,077
Equipment and other	316,636	310,186
	468,938	437,397
Accumulated depreciation	(275,389)	(263,584)
Property and equipment, net	<u>\$ 193,549</u>	<u>\$ 173,813</u>

Depreciation expense for the three months ended June 30, 2012 and 2011 was \$7.9 million and \$7.1 million, respectively, and for the six months ended June 30, 2012 and 2011 was \$14.7 million and \$13.9 million, respectively.

Note 6. Other Investments and Assets

Other investments and assets consisted of the following:

	June 30,	December 31,
	2012	2011
	(in thousands)	
Cash surrender value of life insurance	\$18,109	\$ 18,812
Workers' compensation insurance security deposits	4,651	4,658
Other	7,369	7,581
Total other investments and assets	<u>\$30,129</u>	<u>\$ 31,051</u>

Note 7. Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill for the six months ended June 30, 2012 were as follows:

	Marketing & Events U.S.	Marketing & Events International	Travel & Recreation Group	Total
	(in thousands)			
Balance at January 1, 2012	\$ 62,686	\$ 22,198	\$ 48,810	\$133,694
Business acquisition	—	—	1,890	1,890
Foreign currency translation adjustments	—	150	159	309
Balance at June 30, 2012	<u>\$ 62,686</u>	<u>\$ 22,348</u>	<u>\$ 50,859</u>	<u>\$135,893</u>

A summary of other intangible assets as of June 30, 2012 is presented below:

	Gross Carrying Value	Accumulated Amortization (in thousands)	Net Carrying Value
Amortized intangible assets:			
Contracts and customer relationships	\$ 3,556	\$ (2,034)	\$ 1,522
Other	937	(59)	878
	<u>4,493</u>	<u>(2,093)</u>	<u>2,400</u>
Unamortized intangible assets:			
Business licenses	460	—	460
Total	<u>\$ 4,953</u>	<u>\$ (2,093)</u>	<u>\$ 2,860</u>

A summary of other intangible assets as of December 31, 2011 is presented below:

	Gross Carrying Value	Accumulated Amortization (in thousands)	Net Carrying Value
Amortized intangible assets:			
Contracts and customer relationships	\$ 3,122	\$ (1,736)	\$ 1,386
Other	68	(30)	38
	<u>3,190</u>	<u>(1,766)</u>	<u>1,424</u>
Unamortized intangible assets:			
Business licenses	460	—	460
Total	<u>\$ 3,650</u>	<u>\$ (1,766)</u>	<u>\$ 1,884</u>

Intangible asset amortization expense for the three months ended June 30, 2012 and 2011 was \$186,000 and \$188,000, respectively, and \$321,000 and \$383,000 for the six months ended June 30, 2012 and 2011, respectively. Estimated amortization expense related to amortized intangible assets for future periods is expected to be as follows:

	(in thousands)
2012	\$ 375
2013	\$ 707
2014	\$ 422
2015	\$ 251
2016	\$ 195
2017 and thereafter	\$ 450

Note 8. Accrued Liabilities and Other

Other current liabilities consisted of the following:

	June 30, 2012	December 31, 2011
	(in thousands)	
Continuing operations:		
Customer deposits	\$ 64,252	\$ 49,182
Accrued compensation	18,998	22,587
Self-insured liability accrual	6,678	6,697
Accrued employee benefit costs	3,894	3,730
Accrued sales and use taxes	2,335	1,668
Accrued restructuring	2,144	2,303
Accrued dividends	833	827
Accrued foreign income taxes	449	234
Other	11,100	8,185
	<u>110,683</u>	<u>95,413</u>
Discontinued operations:		
Environmental remediation liabilities	643	755
Self-insured liability accrual	304	639
Other	474	524
	<u>1,421</u>	<u>1,918</u>
Total other current liabilities	<u>\$ 112,104</u>	<u>\$ 97,331</u>

Other deferred items and liabilities consisted of the following:

	June 30, 2012	December 31, 2011
	(in thousands)	
Continuing operations:		
Self-insured liability accrual	\$ 14,352	\$ 14,403
Accrued compensation	5,868	5,538
Accrued restructuring	5,749	4,647
Foreign deferred tax liability	1,095	1,219
Other	6,820	5,900
	<u>33,884</u>	<u>31,707</u>
Discontinued operations:		
Self-insured liability accrual	5,691	5,351
Environmental remediation liabilities	4,769	4,999
Accrued income taxes	1,038	1,022
Other	1,086	1,133
	<u>12,584</u>	<u>12,505</u>
Total other deferred items and liabilities	<u>\$ 46,468</u>	<u>\$ 44,212</u>

Note 9. Debt

On May 18, 2011, Viad entered into an amended and restated revolving credit agreement (the "Credit Facility"). The Credit Facility provides for a \$130 million revolving line of credit, which may be increased up to an additional \$50 million under certain circumstances. The term of the Credit Facility is five years (expiring on May 18, 2016) and borrowings are to be used for general corporate purposes (including permitted acquisitions) and to support up to \$50 million of letters of credit. The lenders have a first perfected security interest in all of the personal property of Viad and GES, including 65 percent of the capital stock of top-tier foreign subsidiaries. In April 2011, Viad paid off its outstanding borrowing under the previous credit facility of \$4.2 million and as of June 30, 2012, Viad's total debt of \$2.6 million consisted entirely of capital lease obligations. As of June 30, 2012, Viad had \$125.4 million of capacity remaining under the Credit Facility reflecting outstanding letters of credit of \$4.6 million.

Borrowings under the Credit Facility (of which GES is a guarantor) are indexed to the prime rate or the London Interbank Offered Rate, plus appropriate spreads tied to Viad's leverage ratio. Commitment fees and letters of credit fees are also tied to Viad's leverage ratio. The fees on the unused portion of the Credit Facility are currently 0.35 percent annually.

Financial covenants include a fixed-charge coverage ratio of not less than 2.25 to 1 (2.50 to 1 after the fiscal quarter ending September 30, 2012) and a leverage ratio of not greater than 2.50 to 1. Additionally, Viad must maintain a consolidated minimum cash and cash equivalents balance of \$50 million. As of June 30, 2012, the fixed-charge coverage and leverage ratios were 2.48 to 1 and 0.37 to 1, respectively. The terms of the Credit Facility allow Viad to pay up to \$10 million in dividends in the aggregate in any calendar year and also allow the Company to purchase up to \$10 million in any calendar year of the Company's common stock. Significant other covenants include limitations on: investments, additional indebtedness, sales/leases of assets, acquisitions, consolidations or mergers and liens on property. As of June 30, 2012, Viad was in compliance with all covenants.

The estimated fair value of total debt was \$2.4 million and \$3.0 million as of June 30, 2012 and December 31, 2011, respectively. The fair value of debt was estimated by discounting the future cash flows using rates currently available for debt of similar terms and maturity.

Note 10. Stockholders' Equity

The following represents a reconciliation of the carrying amounts of stockholders' equity attributable to Viad and the noncontrolling interest for the six months ended June 30, 2012:

	<u>Total Viad Stockholders' Equity</u>	<u>Noncontrolling Interest (in thousands)</u>	<u>Total Stockholders' Equity</u>
Balance at January 1, 2012	\$ 377,894	\$ 8,285	\$ 386,179
Net income (loss)	7,117	(462)	6,655
Dividends on common stock	(1,623)	—	(1,623)
Common stock purchased for treasury	(1,000)	—	(1,000)
Employee benefit plans	2,279	—	2,279
Unrealized foreign currency translation adjustment	996	—	996
Unrealized gain on investments	51	—	51
Prior service credit and net actuarial loss	5	—	5
ESOP allocation adjustment	650	—	650
Other	(2)	(1)	(3)
Balance at June 30, 2012	<u>\$ 386,367</u>	<u>\$ 7,822</u>	<u>\$ 394,189</u>

The following represents a reconciliation of the carrying amounts of stockholders' equity attributable to Viad and the noncontrolling interest for the six months ended June 30, 2011:

	Total Viad Stockholders' Equity	Noncontrolling Interest (in thousands)	Total Stockholders' Equity
Balance at January 1, 2011	\$ 378,959	\$ 7,752	\$ 386,711
Net income (loss)	14,272	(363)	13,909
Dividends on common stock	(1,630)	—	(1,630)
Common stock purchased for treasury	(679)	—	(679)
Employee benefit plans	1,931	—	1,931
Unrealized foreign currency translation adjustment	5,612	—	5,612
Unrealized gain on investments	61	—	61
Prior service credit and net actuarial loss	13	—	13
ESOP allocation adjustment	620	—	620
Other	9	—	9
Balance at June 30, 2011	<u>\$ 399,168</u>	<u>\$ 7,389</u>	<u>\$ 406,557</u>

Viad has announced its intent to repurchase shares of the Company's common stock from time to time at prevailing market prices. No shares were repurchased during the six months ended June 30, 2012 or 2011. As of June 30, 2012, 53,621 shares remain available for repurchase under the announced authorization. Additionally, during the six months ended June 30, 2012 and 2011, the Company repurchased 50,894 shares for \$1.0 million and 28,627 shares for \$679,000, respectively, related to tax withholding requirements on share-based awards.

Note 11. Fair Value Measurements

The fair value of an asset or liability is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value guidance requires an entity to maximize the use of quoted prices and other observable inputs and minimize the use of unobservable inputs when measuring fair value, and also establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs to the valuation methodology that are significant to the measurement of fair value.

Viad measures its money market mutual funds and certain other mutual fund investments at fair value on a recurring basis using Level 1 inputs. The fair value information related to these assets is summarized in the following table:

Description	Fair Value Measurements at June 30, 2012 Using			
	June 30, 2012	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobserved Inputs (Level 3)
		(in thousands)		
Money market funds	\$1,170	\$ 1,170	\$ —	\$ —
Other mutual funds	1,300	1,300	—	—
Total	<u>\$2,470</u>	<u>\$ 2,470</u>	<u>\$ —</u>	<u>\$ —</u>

As of June 30, 2012 and December 31, 2011, Viad had investments in money market mutual funds of \$1.2 million and \$20.9 million, respectively, which are included in the consolidated balance sheets under the caption "Cash and cash equivalents." These investments were classified as available-for-sale and were recorded at fair value. There have been no realized or unrealized gains or losses related to these investments and the Company has not experienced any redemption restrictions with respect to any of the money market mutual funds.

As of June 30, 2012 and December 31, 2011, Viad had investments in other mutual funds of \$1.3 million and \$1.4 million, respectively, which are classified in the consolidated balance sheets under the caption "Other investments and assets." These investments were classified as available-for-sale and were recorded at fair value. As of June 30, 2012 and December 31, 2011, there were unrealized gains on the investments of \$447,000 (\$273,000 after-tax) and \$366,000 (\$222,000 after-tax), respectively, which were included in the consolidated balance sheets under the caption "Accumulated other comprehensive income (loss)."

The carrying values of cash and cash equivalents, receivables and accounts payable approximate fair value due to the short-term maturities of these instruments. The estimated fair value of debt obligations is disclosed in Note 9.

Note 12. Income Per Share

The following is a reconciliation of the numerators and denominators of basic and diluted per share computations for net income attributable to Viad:

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	(in thousands, except per share data)			
Basic net income per share				
Numerator:				
Net income attributable to Viad	\$ 6,090	\$ 4,485	\$ 7,117	\$ 14,272
Less: Allocation to non-vested shares	(163)	(111)	(194)	(370)
Net income allocated to Viad common stockholders	<u>\$ 5,927</u>	<u>\$ 4,374</u>	<u>\$ 6,923</u>	<u>\$ 13,902</u>
Denominator:				
Weighted-average outstanding common shares	<u>19,716</u>	<u>19,816</u>	<u>19,680</u>	<u>19,797</u>
Net income attributable to Viad common stockholders	<u>\$ 0.30</u>	<u>\$ 0.22</u>	<u>\$ 0.35</u>	<u>\$ 0.70</u>
Diluted net income per share				
Numerator:				
Net income attributable to Viad	<u>\$ 6,090</u>	<u>\$ 4,485</u>	<u>\$ 7,117</u>	<u>\$ 14,272</u>
Denominator:				
Weighted-average outstanding common shares	19,716	19,816	19,680	19,797
Additional dilutive shares related to share-based compensation	245	305	270	305
Weighted-average outstanding and potentially dilutive shares	<u>19,961</u>	<u>20,121</u>	<u>19,950</u>	<u>20,102</u>
Net income attributable to Viad common stockholders ⁽¹⁾	<u>\$ 0.30</u>	<u>\$ 0.22</u>	<u>\$ 0.35</u>	<u>\$ 0.70</u>

⁽¹⁾ Diluted income per share cannot exceed basic income per share.

Options to purchase 390,000 and 330,000 shares of common stock were outstanding during the six months ended June 30, 2012 and 2011, respectively, but were not included in the computation of dilutive shares outstanding because the effect would be anti-dilutive. Additionally, 245,000 and 305,000 share-based compensation awards were considered dilutive and included in the computation of diluted income per share during the three months ended June 30, 2012 and 2011, respectively. During the six months ended June 30, 2012 and 2011, 270,000 and 305,000 share-based compensation awards were considered dilutive and included in the computation of diluted income per share, respectively.

Note 13. Income Taxes

The following represents a reconciliation of income tax expense and the amount that would be computed using the statutory federal income tax rates for the six months ended June 30:

	2012		2011	
	(in thousands)			
Computed income tax expense at statutory federal income tax rate of 35%	\$3,079	35.0%	\$7,839	35.0%
State income taxes, net of federal provision	158	1.8%	563	2.5%
Change in valuation allowance	33	0.4%	—	0.0%
Nontaxable income items	(373)	(4.2%)	—	0.0%
Other, net	(117)	(1.4%)	86	0.4%
Income tax expense	<u>\$2,780</u>	<u>31.6%</u>	<u>\$8,488</u>	<u>37.9%</u>

Viad is required to estimate and record provisions for income taxes in each of the jurisdictions in which the Company operates. Accordingly, the Company must estimate its actual current income tax liability and assess temporary differences arising from the treatment of items for tax purposes as compared to the treatment for accounting purposes. These differences result in deferred tax assets and liabilities which are included in Viad's consolidated balance sheets. As of June 30, 2012 and December 31, 2011, Viad had gross deferred tax assets of \$68.7 million and \$70.7 million, respectively. These deferred tax assets reflect the expected future tax benefits to be realized upon reversal of deductible temporary differences and the utilization of net operating loss and tax credit carryforwards.

The Company must assess the likelihood that deferred tax assets will be recovered from future taxable income and to the extent that recovery is not likely, a valuation allowance must be established. The Company uses significant judgment in forming a conclusion regarding the recoverability of its deferred tax assets and evaluates the available positive and negative evidence to determine whether it is more-likely-than-not that its deferred tax assets will be realized in the future. The Company considered all available positive and negative evidence regarding the future recoverability of its deferred tax assets, including the Company's recent operating history and projected taxable income, taxpaying history and future reversals of deferred tax liabilities. Furthermore, Viad also considered the fact that goodwill impairment losses are not tax deductible and thus did not contribute to tax losses. As of June 30, 2012 and December 31, 2011, Viad had a valuation allowance of \$394,000 and \$356,000, respectively, related to certain state and foreign deferred tax assets. With respect to all other deferred tax assets, management believes that recovery from future taxable income is more-likely-than-not.

As noted above, Viad uses considerable judgment in forming a conclusion regarding the recoverability of its deferred tax assets. As a result, there are inherent uncertainties regarding the ultimate realization of these assets, which is primarily dependent upon Viad's ability to generate sufficient taxable income in future periods. In future periods, it is reasonably possible that the relative weight of positive and negative evidence regarding the recoverability of Viad's deferred tax assets may change, which could result in a material increase in the Company's valuation allowance. If such an increase in the valuation allowance were to occur, it would result in increased income tax expense in the period the assessment was made.

Viad had accrued gross liabilities associated with uncertain tax positions for discontinued operations of \$636,000 as of both June 30, 2012 and December 31, 2011. In addition, as of June 30, 2012 and December 31, 2011, Viad had accrued interest and penalties related to uncertain tax positions for discontinued operations of \$402,000 and \$386,000, respectively. Future tax resolutions or settlements that may occur related to these uncertain tax positions would be recorded through discontinued operations (net of federal tax effects, if applicable). Viad does not expect any of the unrecognized tax benefits to be recognized during the next 12 months. As of both June 30, 2012 and December 31, 2011, liabilities associated with uncertain tax positions (including interest and penalties) of \$1.0 million were classified as non-current liabilities.

Note 14. Pension and Postretirement Benefits

The net periodic benefit cost of Viad's pension and postretirement benefit plans for the three months ended June 30 included the following components:

	Domestic Plans				Foreign Pension Plans	
	Pension Plans		Postretirement Benefit Plans		2012	2011
	2012	2011	2012	2011		
	(in thousands)					
Service cost	\$ 27	\$ 37	\$ 42	\$ 37	\$ 122	\$ 94
Interest cost	290	300	227	232	183	186
Expected return on plan assets	(70)	(141)	(19)	(33)	(155)	(171)
Amortization of prior service credit	—	—	(279)	(319)	—	—
Recognized net actuarial loss	128	171	155	160	—	—
Net periodic benefit cost	<u>\$375</u>	<u>\$ 367</u>	<u>\$ 126</u>	<u>\$ 77</u>	<u>\$ 150</u>	<u>\$ 109</u>

The net periodic benefit cost of Viad's pension and postretirement benefit plans for the six months ended June 30 included the following components:

	Domestic Plans				Foreign Pension Plans	
	Pension Plans		Postretirement Benefit Plans		2012	2011
	2012	2011	2012	2011		
	(in thousands)					
Service cost	\$ 54	\$ 74	\$ 79	\$ 74	\$ 244	\$ 185
Interest cost	587	600	424	464	371	369
Expected return on plan assets	(221)	(282)	(41)	(66)	(313)	(337)
Amortization of prior service credit	—	—	(557)	(638)	—	—
Recognized net actuarial loss	258	341	309	320	—	—
Net periodic benefit cost	<u>\$ 678</u>	<u>\$ 733</u>	<u>\$ 214</u>	<u>\$ 154</u>	<u>\$ 302</u>	<u>\$ 217</u>

Viad expects to contribute \$1.6 million to its funded pension plans, \$952,000 to its unfunded pension plans and \$450,000 to its postretirement benefit plans in 2012. During the six months ended June 30, 2012, Viad contributed \$683,000 to its funded pension plans and \$470,000 to its unfunded pension plans. However, due to timing, Viad made no contributions to the postretirement benefit plans during the six months ended June 30, 2012.

Note 15. Restructuring Charges

During the six months ended June 30, 2012, Viad recorded aggregate restructuring charges of \$2.9 million primarily related to facility consolidations and the elimination of certain positions in the Marketing & Events Group. The amounts included in the restructuring liability as of June 30, 2012 related to future lease obligations which will be paid over the remaining lease terms, and severance and employee benefits are expected to be paid by the end of 2012. The table below represents a reconciliation of Viad's restructuring liability by major restructuring activity:

	Marketing & Events Group Consolidation		Other Restructurings		Total
	Severance &		Severance &		
	Employee Benefits	Facilities	Employee Benefits	Facilities	
	(in thousands)				
Balance at January 1, 2012	\$ 831	\$ 4,819	\$ 24	\$ 1,276	\$ 6,950
Restructuring charges	547	2,343	13	—	2,903
Cash payments, net	(459)	(1,505)	(37)	63	(1,938)
Adjustment to liability	(95)	—	—	—	(95)
Foreign currency translation adjustment	73	—	—	—	73
Balance at June 30, 2012	<u>\$ 897</u>	<u>\$ 5,657</u>	<u>\$ —</u>	<u>\$ 1,339</u>	<u>\$ 7,893</u>

Note 16. Litigation, Claims, Contingencies and Other

Viad and certain of its subsidiaries are plaintiffs or defendants to various actions, proceedings and pending claims, some of which involve, or may involve, compensatory, punitive or other damages. Litigation is subject to many uncertainties and it is possible that some of the legal actions, proceedings or claims could be decided against Viad. Although the amount of liability as of June 30, 2012, with respect to certain of these matters is not ascertainable, Viad believes that any resulting liability, after taking into consideration amounts already provided for, including insurance coverage, will not have a material impact on the Company's business, financial position or results of operations.

Viad is subject to various U.S. federal, state and foreign laws and regulations governing the prevention of pollution and the protection of the environment in the jurisdictions in which Viad has or had operations. If the Company has failed to comply with these environmental laws and regulations, civil and criminal penalties could be imposed and Viad could become subject to regulatory enforcement actions in the form of injunctions and cease and desist orders. As is the case with many companies, Viad also faces exposure to actual or potential claims and lawsuits involving environmental matters relating to its past operations. Although it is a party to certain environmental disputes, Viad believes that any resulting liabilities, after taking into consideration amounts already provided for, including insurance coverage, will not have a material effect on the Company's financial position or results of operations. As of June 30, 2012, there was a remaining environmental remediation liability of \$5.4 million related to previously sold operations of which \$643,000 was included in the consolidated balance sheets under the caption "Other current liabilities" and \$4.8 million under the caption "Other deferred items and liabilities."

As of June 30, 2012, Viad had certain obligations under guarantees to third parties on behalf of its subsidiaries. These guarantees are not subject to liability recognition in the consolidated financial statements and relate to leased facilities entered into by Viad's subsidiary operations. The Company would generally be required to make payments to the respective third parties under these guarantees in the event that the related subsidiary could not meet its own payment obligations. The maximum potential amount of future payments that Viad would be required to make under all guarantees existing as of June 30, 2012 would be \$24.8 million. These guarantees relate to leased facilities expiring through October 2017. There are no recourse provisions that would enable Viad to recover from third parties any payments made under the guarantees. Furthermore, there are no collateral or similar arrangements whereby Viad could recover payments.

Viad's businesses contribute to various multi-employer pension plans based on obligations arising under collective bargaining agreements covering its union-represented employees. Based upon the information available to Viad from plan administrators, management believes that several of these multi-employer plans are underfunded. The Pension Protection Act of 2006 requires pension plans underfunded at certain levels to reduce, over defined time periods, the underfunded status. In addition, under current laws, the termination of a plan, or a voluntary withdrawal from a plan by Viad, or a shrinking contribution base to a plan as a result of the insolvency or withdrawal of other contributing employers to such plan, would require Viad to make payments to such plan for its proportionate share of the plan's unfunded vested liabilities. As of June 30, 2012, the amount of additional funding, if any, that Viad would be required to make related to multi-employer pension plans is not ascertainable.

Glacier Park operates the concession portion of its business under a concession contract with the U.S. National Park Service (the "Park Service") for Glacier National Park. Glacier Park's original 25-year concession contract with the Park Service that was to expire on December 31, 2005, has been extended for seven one-year periods and now expires on December 31, 2012. The Park Service, in its sole discretion, may continue extending Glacier Park's concession contract in one-year increments beyond 2012. When this contract expires, Glacier Park will have the opportunity to bid on a new concession contract. If Glacier Park does secure a new contract, possible terms would be for 10, 15 or 20 years. Glacier Park generated approximately 45 percent of its 2011 revenue through its concession contract for services provided within Glacier National Park. If a new concessionaire is selected by the Park Service, Glacier Park's remaining business would consist of its operations at Waterton Lakes National Park, Alberta, Canada; East Glacier, Montana; Whitefish, Montana and St. Mary, Montana. In such a circumstance, Glacier Park would be entitled to an amount equal to its "possessory interest," which generally means the value of the structures acquired or constructed, fixtures installed and improvements made to the concession property at Glacier National Park during the term of the concession contract. Glacier Park owns Glacier Park Lodge in East Glacier, Montana; Grouse Mountain Lodge in Whitefish, Montana and St. Mary Lodge & Resort in St. Mary, Montana. Glacier Park also owns the Prince of Wales Hotel in Waterton Lakes National Park, which is operated under a 42-year ground lease with the Canadian government running through January 31, 2052. Glacier Park generated 19 percent of Travel & Recreation Group's full year 2011 segment operating income.

Note 17. Segment Information

Viad measures profit and performance of its operations on the basis of segment operating income which excludes restructuring charges and recoveries and impairment losses and recoveries. Intersegment sales are eliminated in consolidation and intersegment transfers are not significant. Corporate activities include expenses not allocated to operations. Depreciation and amortization and share-based compensation expense are the only significant non-cash items for the reportable segments. Disclosures regarding Viad's reportable segments with reconciliations to consolidated totals are as follows:

	<u>Three months ended June 30,</u>		<u>Six months ended June,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	(in thousands)			
Revenues:				
Marketing & Events Group:				
U.S.	\$ 165,472	\$ 150,170	\$372,346	\$381,865
International	54,659	66,973	112,437	120,927
Intersegment eliminations	(3,190)	(2,408)	(5,798)	(3,719)
	216,941	214,735	478,985	499,073
Travel & Recreation Group	29,509	23,957	36,237	29,717
	<u>\$ 246,450</u>	<u>\$ 238,692</u>	<u>\$515,222</u>	<u>\$528,790</u>
Segment operating income (loss):				
Marketing & Events Group:				
U.S.	\$ 5,572	\$ 205	\$ 12,820	\$ 18,139
International	2,348	6,650	6,205	10,435
	7,920	6,855	19,025	28,574
Travel & Recreation Group	2,578	3,007	(2,994)	(1,453)
	10,498	9,862	16,031	27,121
Corporate activities	(2,187)	(1,576)	(3,964)	(2,847)
	8,311	8,286	12,067	24,274
Interest income	123	176	292	390
Interest expense	(302)	(380)	(660)	(792)
Restructuring charges:				
Marketing & Events U.S.	(484)	(1,206)	(2,487)	(1,475)
Marketing & Events International	(181)	—	(403)	—
Corporate	(13)	—	(13)	—
Income before income taxes	<u>\$ 7,454</u>	<u>\$ 6,876</u>	<u>\$ 8,796</u>	<u>\$ 22,397</u>

	<u>June 30,</u>	<u>December 31,</u>
	<u>2012</u>	<u>2011</u>
	(in thousands)	
Assets:		
Marketing & Events U.S.	\$242,633	\$ 213,843
Marketing & Events International	95,201	96,996
Travel & Recreation Group	214,417	194,278
Corporate and other	105,843	112,711
	<u>\$658,094</u>	<u>\$ 617,828</u>

Note 18. Discontinued Operations

In June 2012, Viad recorded income from discontinued operations of \$639,000 related to the sale of land associated with previously sold operations.

Note 19. Impact of Recent Accounting Pronouncements

In September 2011, the Financial Accounting Standards Board (“FASB”) issued new guidance related to goodwill impairment testing, which is codified in Accounting Standards Codification (“ASC”) Topic 350. The new guidance simplifies how entities test goodwill for impairment and permits an entity to first assess qualitative factors to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount. If, after performing the assessment, an entity determines that it is not more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. The guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The adoption of this new guidance is not expected to have a material impact on Viad’s financial condition or results of operations. The Company performs its annual goodwill impairment test as of October 31 of each year.

In July 2012, the FASB issued new guidance that allows companies the option to perform a qualitative assessment to determine whether further impairment testing of indefinite-lived intangible assets is necessary, which is codified in ASC Topic 350. Under this guidance, an entity is required to perform a quantitative impairment test if qualitative factors indicate that it is more-likely-than-not that indefinite-lived intangible assets are impaired. The qualitative factors are consistent with the guidance established for goodwill impairment testing and include identifying and assessing events and circumstances that would most significantly impact, individually or in the aggregate, the carrying value of the indefinite-lived intangible assets. The guidance is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. The adoption of this new guidance is not expected to have a material impact on the Company’s financial condition or results of operations.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion should be read in conjunction with Viad Corp’s condensed consolidated financial statements and related notes. This discussion contains forward-looking statements that involve risks and uncertainties. Viad Corp’s actual results could differ materially from those anticipated due to various factors discussed under “Forward-Looking Statements” and elsewhere in this quarterly report.

Overview:

Viad Corp (“Viad” or the “Company”) operates in three reportable business segments: Marketing & Events U.S., Marketing & Events International and Travel & Recreation Group.

The Marketing & Events Group, comprised of Global Experience Specialists, Inc. and affiliates (“GES”), specializes in all aspects of the design, planning and production of face-to-face events, immersive environments and brand-based experiences for clients, including show organizers, corporate brand marketers and retail shopping centers. In addition, the Marketing & Events Group provides a variety of immersive, entertaining attractions and brand-based experiences, sponsored events, mobile marketing and other branded entertainment and face-to-face marketing solutions for clients and venues, including shopping malls, movie studios, museums, leading consumer brands and casinos.

The Travel & Recreation Group segment consists of Brewster Inc. (“Brewster”), Glacier Park, Inc. (“Glacier Park”) and Alaskan Park Properties, Inc. (“Alaska Denali Travel”). Brewster provides tourism services in the Canadian Rockies in Alberta and in other parts of Western Canada. Brewster’s operations include the Banff Gondola, Columbia Icefield Glacier Adventure, motorcoach services, charter and sightseeing services, tour boat operations, inbound package tour operations and hotel operations. Glacier Park operates five lodges, three motor inns and one four-season resort hotel and provides food and beverage operations, retail operations and tour and transportation services in and around Glacier National Park in Montana and Waterton Lakes National Park in Alberta, Canada. Glacier Park is an 80 percent owned subsidiary of Viad. Alaska Denali Travel operates Denali Backcountry Lodge and Denali Cabins. Denali Backcountry Lodge is a 42-guest room lodge located within Denali National Park and Preserve in Alaska and Denali Cabins are 46 guest cabins located near the entrance to Denali National Park and Preserve. In addition to lodging, Alaska Denali Travel also provides food and beverage operations and package tour and transportation services in and around Denali National Park and Preserve.

The following are financial highlights of the second quarter of 2012 presented in accordance with accounting principles generally accepted in the United States of America (“GAAP”):

Viad Corp (Consolidated)

- Total revenues of \$246.5 million compared to \$238.7 million in the second quarter of 2011
- Net income attributable to Viad of \$6.1 million compared to \$4.5 million in the second quarter of 2011
- Diluted income per share of \$0.30 compared to \$0.22 in the second quarter of 2011
- Cash and cash equivalents totaled \$78.0 million as of June 30, 2012
- Debt was \$2.6 million as of June 30, 2012

Marketing & Events U.S.

- Revenues of \$165.5 million, an increase of 10.2 percent from the second quarter of 2011
- Segment operating income of \$5.6 million, as compared to \$205,000 in the second quarter of 2011

Marketing & Events International

- Revenues of \$54.7 million, a decrease of 18.4 percent from the second quarter of 2011
- Segment operating income of \$2.3 million, as compared to \$6.7 million in the second quarter of 2011

Travel & Recreation Group

- Revenues of \$29.5 million, an increase of 23.2 percent from the second quarter of 2011
- Segment operating income of \$2.6 million, as compared to \$3.0 million in the second quarter of 2011

Non-GAAP Measure:

The following discussion includes a presentation of Adjusted EBITDA, which is utilized by management to measure the profit and performance of Viad’s operations and to facilitate period-to-period comparisons. “Adjusted EBITDA” is defined by Viad as net income attributable to Viad before interest expense, income taxes, depreciation and amortization, impairment losses and recoveries, changes in accounting principles and the effects of discontinued operations. The presentation of Adjusted EBITDA is supplemental to results presented under GAAP and may not be comparable to similarly titled measures used by other companies. Adjusted EBITDA is considered a useful operating metric as potential variations arising from taxes, depreciation, debt service costs, impairment losses and recoveries, changes in accounting principles and

the effects of discontinued operations are eliminated, thus resulting in an additional measure considered to be indicative of Viad's ongoing operations. This non-GAAP measure should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with GAAP.

Management believes that the presentation of Adjusted EBITDA provides useful information to investors regarding Viad's results of operations for trending, analyzing and benchmarking the performance and value of Viad's business. Management uses Adjusted EBITDA primarily as a performance measure and believes that the GAAP financial measure most directly comparable to this non-GAAP measure is net income attributable to Viad. Although Adjusted EBITDA is used as a financial measure to assess the performance of the business, the use of Adjusted EBITDA is limited because it does not consider material costs, expenses and other items necessary to operate the business. These items include debt service costs, non-cash depreciation and amortization expense associated with long-lived assets, expenses related to U.S. federal, state, local and foreign income taxes, impairment losses or recoveries and the effects of accounting changes and discontinued operations. Because Adjusted EBITDA does not consider the above items, a user of Viad's financial information should consider net income attributable to Viad as an important measure of financial performance because it provides a more complete measure of the Company's performance.

A reconciliation of Adjusted EBITDA to net income attributable to Viad is as follows:

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	(in thousands)			
Adjusted EBITDA	\$ 16,047	\$ 14,775	\$ 24,918	\$ 37,845
Interest expense	(302)	(380)	(660)	(792)
Income tax expense	(2,253)	(2,588)	(2,780)	(8,488)
Depreciation and amortization	(8,041)	(7,322)	(15,000)	(14,293)
Income from discontinued operations	639	—	639	—
Net income attributable to Viad	<u>\$ 6,090</u>	<u>\$ 4,485</u>	<u>\$ 7,117</u>	<u>\$ 14,272</u>

The increase in Adjusted EBITDA of \$1.3 million for the second quarter of 2012 compared to the second quarter of 2011 was primarily driven by higher segment operating results at the Marketing & Events U.S. segment. The decrease in Adjusted EBITDA of \$12.9 million for the first six months of 2012 compared to the first six months of 2011 was primarily driven by lower segment operating results at each of Viad's reporting segments, as well as higher restructuring charges and corporate costs in 2012. See "Results of Operations" below for a discussion of fluctuations.

Results of Operations:

Comparison of Second Quarter of 2012 to the Second Quarter of 2011

Revenues for the second quarter of 2012 increased 3.3 percent to \$246.5 million compared to \$238.7 million in the second quarter of 2011. Viad's income before income taxes was \$7.5 million for the second quarter of 2012 compared to \$6.9 million in the second quarter of 2011. These increases were primarily due to higher revenues and segment operating income from the Marketing & Events U.S. segment.

Net income attributable to Viad for the second quarter of 2012 was \$6.1 million, or \$0.30 per diluted share, compared to \$4.5 million, or \$0.22 per diluted share, in the second quarter of 2011. These results include income from discontinued operations of \$639,000, or \$0.03 per diluted share, in the 2012 second quarter relating to the sale of land associated with previously sold operations.

During the second quarter of 2012, foreign exchange rate variances resulted in decreases of \$3.9 million in revenues and \$404,000 in segment operating results as compared to the second quarter of 2011. Viad conducts its foreign operations primarily in Canada and the United Kingdom and to a lesser extent in certain other countries.

The following table summarizes the effect of foreign exchange rate variances on revenues and segment operating results from Viad's significant international operations for the second quarter:

	Revenues			Segment Operating Results		
	Weighted-Average Exchange Rates		Effect of Rate	Weighted-Average Exchange Rates		Effect of Rate
	2012	2011	Variance (thousands)	2012	2011	Variance (thousands)
Marketing & Events Group:						
Canada	\$ 0.99	\$ 1.04	\$ (816)	\$ 1.03	\$ 1.05	\$ (20)
United Kingdom	\$ 1.59	\$ 1.64	\$ (1,096)	\$ 1.65	\$ 1.64	\$ (19)
Travel & Recreation Group:						
Canada	\$ 0.99	\$ 1.04	\$ (1,168)	\$ 0.98	\$ 1.04	\$ (287)

Accordingly, Viad's second quarter results were impacted by the strengthening of the U.S. dollar relative to the Canadian dollar and British pound. Future changes in the exchange rates may impact overall expected profitability and historical period-to-period comparisons when operating results are translated into U.S. dollars.

Marketing & Events Group . Revenues for the Marketing & Events U.S. segment were \$165.5 million for the second quarter of 2012, up 10.2 percent compared to \$150.2 million in the second quarter of 2011. The increase was primarily due to positive show rotation revenue of approximately \$5 million, base same-show revenue increases of 6.1 percent and new business wins. Management defines base same-show revenue as revenue from exhibitions and events that occur in the same quarter and same city every year. Base same-shows represented 30.2 percent of 2012 second quarter Marketing & Events U.S. revenues. Segment operating income was \$5.6 million in the second quarter of 2012, compared to \$205,000 in the second quarter of 2011. The improved operating results were primarily due to increases in revenues and ongoing margin improvement initiatives to increase show profitability and reduce overhead costs.

Revenues for the Marketing & Events International segment were \$54.7 million for the second quarter of 2012, down 18.4 percent compared to \$67.0 million in the second quarter of 2011. Segment operating income was \$2.3 million in the second quarter of 2012, compared to \$6.7 million in the second quarter of 2011. As discussed above, period-to-period comparisons for this segment were affected by exchange rate variances, which decreased revenues by \$2.7 million and segment operating income by \$117,000 as compared to the second quarter of 2011. Excluding exchange rate variances, 2012 second quarter revenues decreased by \$9.6 million, or 14.3 percent, and segment operating income decreased by \$4.2 million primarily due to negative show rotation revenue of approximately \$14 million.

Although the Marketing & Events Group has a diversified revenue base and long-term contracts for future shows, its revenues are affected by general economic and industry-specific conditions. The prospects for individual shows tend to be driven by the success of the industry related to those shows. In general, the exhibition and event industry is experiencing modest improvement. Following quarterly declines from the third quarter of 2008 through the first quarter of 2010, Marketing & Events U.S. base same-show revenues were essentially flat in the 2010 second quarter and have increased in each of the following eight quarters.

For the 2012 full year, management expects U.S. same-show revenues to increase at a mid-single digit rate and that show rotation will not have a meaningful impact on revenues as revenue from non-annual shows during 2012 is expected to be comparable to revenues from non-annual shows that took place during 2011. Additionally, management anticipates that foreign currency exchange rate variances versus 2011 will have an unfavorable impact on the Marketing & Events Group's 2012 full year revenues and segment operating income of approximately \$7.5 million and \$325,000, respectively. Management remains focused on improving the profitability of the Marketing & Events U.S. segment through continued integration and consolidation of operations to increase capacity utilization and reduce costs. Additional restructuring charges may be incurred as further cost structure improvements are made.

The Marketing & Events Group is subject to multiple collective bargaining agreements that affect labor costs, approximately one-third of which expire each year. Although labor relations between the Company and labor are currently stable, disruptions during future contract negotiations could occur, with the possibility of an adverse impact on the operating results of the Marketing & Events Group.

Travel & Recreation Group . Revenues for the Travel & Recreation Group were \$29.5 million for the second quarter of 2012, up 23.2 percent compared to second quarter 2011 revenues of \$24.0 million. Segment operating income was \$2.6 million in the second quarter of 2012 compared to \$3.0 million in the second quarter of 2011. As discussed above, period-to-period comparisons for this segment were affected by exchange rate variances, which decreased revenues by \$1.2 million and segment operating income by \$287,000 as compared to the second quarter of 2011. Excluding exchange rate variances, 2012 second quarter revenues increased by \$6.7 million, or 28.1 percent, and segment operating income decreased by \$142,000.

The revenue growth was primarily due to \$4.3 million of incremental revenues from the acquisitions of the Alaska Denali Travel business (acquired on September 16, 2011), the Banff International Hotel (acquired on March 7, 2012) and St. Mary Lodge & Resort (acquired on June 29, 2011), as well as organic revenue growth, primarily at Brewster's attractions. As compared to the second quarter of 2011, passenger volumes increased by 12.8 percent to 136,065 at the Banff Gondola, by 7.6 percent to 94,967 at the Columbia Icefield Glacier Adventure and by 96.6 percent to 10,477 at the Banff Lake Cruise. Increases were largely due to an earlier opening in 2012 and an increase in average daily passenger volume.

Collectively, the acquired properties contributed essentially breakeven operating results for the quarter, reflecting the seasonally slow period for these properties. The lower segment operating income versus the 2011 second quarter primarily reflects higher overhead expenses, including increased performance-based incentives due to management's expectation of stronger full year performance, as well as additional resources to support the Company's growth strategy.

During 2011, approximately 70 percent of revenue and 86 percent of segment operating income generated in the Travel & Recreation Group were derived through its Canadian operations. These operations are largely affected by foreign customer visitation and, accordingly, increases in the value of the Canadian dollar compared to other currencies could adversely affect customer volumes, revenue and segment operating income for the Travel & Recreation Group. Additionally, the Travel & Recreation Group is affected by consumer discretionary spending on tourism activities.

Management anticipates that foreign currency exchange rate variances versus 2011 will have an unfavorable impact on Travel & Recreation Group 2012 full year revenues and segment operating income of approximately \$3 million and \$1 million, respectively. Management also anticipates the four acquisitions completed by Viad since 2011 will generate approximately \$24 million in revenue in 2012 with an average Adjusted EBITDA margin (defined as Adjusted EBITDA divided by revenues) of more than 30 percent. By leveraging economies of scale and scope and repositioning the acquired assets for higher-returns, management expects to grow this revenue base at a high single-digit compound annual growth rate from 2012 to 2015, with expanding Adjusted EBITDA margins over that time period.

Glacier Park operates the concession portion of its business under a concession contract with the U.S. National Park Service (the "Park Service") for Glacier National Park. Glacier Park's original 25-year concession contract with the Park Service that was to expire on December 31, 2005, has been extended for seven one-year periods and now expires on December 31, 2012. The Park Service, in its sole discretion, may continue extending Glacier Park's concession contract in one-year increments beyond 2012. When this contract expires, Glacier Park will have the opportunity to bid on a new concession contract. If Glacier Park does secure a new contract, possible terms would be for 10, 15 or 20 years. Glacier Park generated approximately 45 percent of its 2011 revenue through its concession contract for services provided within Glacier National Park. If a new concessionaire is selected by the Park Service, Glacier Park's remaining business would consist of its operations at Waterton Lakes National Park, Alberta, Canada; East Glacier, Montana; Whitefish, Montana and St. Mary, Montana. In such a circumstance, Glacier Park would be entitled to an amount equal to its "possessory interest," which generally means the value of the structures acquired or constructed, fixtures installed and improvements made to the concession property at Glacier National Park during the term of the concession contract. Glacier Park owns Glacier Park Lodge in East Glacier, Montana; Grouse Mountain Lodge in Whitefish, Montana and St. Mary Lodge & Resort in St. Mary, Montana. Glacier Park also owns the Prince of Wales Hotel in Waterton Lakes National Park, which is operated under a 42-year ground lease with the Canadian government running through January 31, 2052. Glacier Park generated 19 percent of Travel & Recreation Group's full year 2011 segment operating income.

Corporate Activities. Corporate activities totaled \$2.2 million in the second quarter of 2012, compared to \$1.6 million in the second quarter of 2011. The increase was primarily due to higher legal costs related to employee benefits associated with previously divested operations as well as costs related to the amendment and restatement of the Company's shareholder rights plan.

Restructuring Charges. Viad recorded restructuring charges of \$678,000 in the second quarter of 2012 compared to \$1.2 million in the second quarter of 2011. The charges primarily related to facility consolidations and the elimination of certain positions in the Marketing & Events Group.

Income Taxes. The effective tax rate in the second quarter of 2012 was 30.2 percent compared to 37.6 percent in the comparable period in 2011. The relatively low effective tax rate in 2012 was due to nontaxable income received during the second quarter of 2012. Excluding the nontaxable income, the effective tax rate would have been 35.2 percent.

Comparison of First Six Months of 2012 to the First Six Months of 2011

Revenues for the first six months of 2012 decreased 2.6 percent to \$515.2 million from \$528.8 million during the first six months of 2011. Viad's income before income taxes was \$8.8 million compared to \$22.4 million in 2011. These decreases were primarily due to reduced revenues from the Marketing & Events Group resulting from negative show rotation. Net restructuring charges in the first six months of 2012 were \$2.9 million compared to \$1.5 million in the first six months of 2011, both primarily related to facility consolidations and the elimination of certain positions in the Marketing & Events Group.

Net income attributable to Viad for the first six months of 2012 was \$7.1 million, or \$0.35 per diluted share, compared to \$14.3 million, or \$0.70 per diluted share, during the first six months of 2011. These results include income from discontinued operations of \$639,000, or \$0.03 per diluted share, in the 2012 second quarter relating to the sale of land associated with previously sold operations.

During the first six months of 2012, foreign exchange rate variances resulted in decreases of \$5.0 million and \$452,000 in revenues and segment operating income, respectively, as compared to the first six months of 2011. Viad conducts its foreign operations primarily in Canada and the United Kingdom and to a lesser extent in certain other countries. The following table summarizes the effect of foreign exchange rate variances on revenues and segment operating results from Viad's significant international operations for the first six months of the year:

	Revenues			Segment Operating Results		
	Weighted-Average Exchange Rates		Effect of Rate Variance (thousands)	Weighted-Average Exchange Rates		Effect of Rate Variance (thousands)
	2012	2011		2012	2011	
Marketing & Events Group:						
Canada	\$ 1.00	\$ 1.03	\$ (1,230)	\$ 1.01	\$ 1.06	\$ (85)
United Kingdom	\$ 1.59	\$ 1.62	\$ (1,570)	\$ 1.61	\$ 1.63	\$ (55)
Travel & Recreation Group:						
Canada	\$ 0.99	\$ 1.03	\$ (1,273)	\$ 0.93	\$ 1.09	\$ (244)

Accordingly, Viad's six-month results were impacted by the strengthening of the U.S. dollar relative to the Canadian dollar and the British pound. Future changes in the exchange rates may adversely impact overall expected profitability and historical period to period comparisons when operating results are translated into U.S. dollars.

Marketing & Events Group. Revenues for the Marketing & Events U.S. segment were \$372.3 million for the first six months of 2012, down 2.5 percent from \$381.9 million in 2011. Segment operating income was \$12.8 million in the first six months of 2012, compared to \$18.1 million in 2011. These decreases were primarily due to negative show rotation of about \$39 million, partially offset by base same-show revenue increases of 8.3 percent, the Company's success capturing additional exhibitor spending and new business wins. Base same-shows represented approximately 49.1 percent of revenues for the first six months of 2012 for the Marketing & Events U.S. segment.

Revenues for the Marketing & Events International segment were \$112.4 million for the first six months of 2012, down 7.0 percent from \$120.9 million in 2011. Segment operating income was \$6.2 million in the first six months of 2012 compared to \$10.4 million in 2011. As discussed above, results in this segment were impacted by exchange rates during the first six months of 2012 resulting in decreases of \$3.8 million and \$208,000 in revenues and segment operating income, respectively, as compared to 2011. Excluding exchange rate variances, revenues for the first six months of 2012 decreased by \$4.7 million, or 3.9 percent, and segment operating income decreased by \$4.0 million. These decreases were primarily due to negative show rotation revenue of about \$14 million, partially offset by greater demand and new show wins.

Travel & Recreation Group. Revenues from the Travel & Recreation Group segment were \$36.2 million for the first six months of 2012, up 21.9 percent compared to 2011 revenues of \$29.7 million. Segment operating loss was \$3.0 million compared to \$1.5 million in 2011. As discussed above, results in this segment were impacted by exchange rate variances during the first six months of 2012 resulting in decreases of \$1.3 million and \$244,000 in revenues and segment operating results, respectively, as compared to 2011. Excluding exchange rate variances, revenues for the first six months of 2012 increased by \$7.8 million, or 26.2 percent, and operating results decreased by \$1.3 million.

The revenue growth was primarily due to \$4.6 million of incremental revenues from the acquisitions of the Alaska Denali Travel business, the Banff International Hotel and St. Mary Lodge & Resort, as well as organic revenue growth, primarily at Brewster's attractions. As compared to the first six months of 2011, passenger volumes increased by 15.6 percent to 172,006 at the Banff Gondola, by 7.6 percent to 94,967 at the Columbia Icefield Glacier Adventure and by 96.6 percent to 10,477 at the Banff Lake Cruise. Increases were largely due to an earlier opening in 2012 and an increase in average daily passenger volume.

Collectively, the acquired properties generated an operating loss of \$762,000 during the first six months of 2012, reflecting the seasonally slow period for these properties. The higher segment operating loss versus the 2011 period also reflects higher overhead expenses, including increased performance-based incentives due to management's expectation of stronger full year performance, as well as additional resources to support the Company's growth strategy.

Corporate Activities. Corporate activities totaled \$4.0 million in the first six months of 2012, compared to \$2.8 million in the 2011 period. The increase was primarily due to costs related to the amendment and restatement of the Company's shareholder rights plan and higher legal costs related to employee benefits associated with previously divested operations.

Restructuring Charges. Viad recorded restructuring charges of \$2.9 million in the first six months of 2012, compared to \$1.5 million in the 2011 period. The charges primarily related to facility consolidations and the elimination of certain positions in the Marketing & Events Group.

Income Taxes. The effective tax rate in the first six months of 2012 was 31.6 percent, compared to 37.9 percent in the comparable period in 2011. The relatively low effective tax rate in 2012 was due to nontaxable income received during the first six months of 2012. Excluding the nontaxable income, the effective tax rate would have been 35.8 percent.

Liquidity and Capital Resources:

Cash and cash equivalents were \$78.0 million as of June 30, 2012 compared to \$100.4 million as of December 31, 2011, with the decrease primarily due to the acquisition of the Banff International Hotel and capital expenditures partially offset by cash flow from operations. During the six months ended June 30, 2012, the Company generated net cash flows from operating activities of \$17.0 million primarily driven by operating results, partially offset by changes in working capital. Management believes that Viad's existing sources of liquidity will be sufficient to fund operations and capital commitments for at least the next 12 months.

As of June 30, 2012, the Company had \$49.6 million of its cash and cash equivalents held outside of the United States. Of the total amount, \$38.0 million was held in Canada, \$8.7 million in the United Kingdom, \$2.1 million in Germany and \$749,000 in the United Arab Emirates. There were certain historical earnings related to the Company's Canadian operations which, if repatriated to the United States, would result in incremental income tax expense. The incremental tax liability as of June 30, 2012 that would result assuming all foreign cash balances were repatriated to the United States would be approximately \$870,000.

Viad's total debt as of June 30, 2012 was \$2.6 million compared to \$3.2 million as of December 31, 2011. The debt-to-capital ratio was 0.006 to 1 as of June 30, 2012 compared to 0.008 to 1 as of December 31, 2011. Capital is defined as total debt and capital lease obligations plus total stockholders' equity.

On May 18, 2011, Viad entered into an amended and restated secured revolving credit agreement (the "Credit Facility"). The Credit Facility provides for a \$130 million revolving line of credit and may be increased up to an additional \$50 million under certain circumstances. The Credit Facility expires on May 18, 2016 and borrowings are to be used for general corporate purposes (including permitted acquisitions) and to support up to \$50 million of letters of credit. The lenders have a first perfected security interest in all of the personal property of Viad and GES, including 65 percent of the capital stock of top-tier foreign subsidiaries. In April 2011, Viad paid off its outstanding borrowing under the previous credit facility of \$4.2 million. As of June 30, 2012, Viad had \$125.4 million of capacity remaining under the Credit Facility reflecting issued letters of credit of \$4.6 million.

Borrowings under the Credit Facility (of which GES is a guarantor) are indexed to the prime rate or the London Interbank Offered Rate, plus appropriate spreads tied to Viad's leverage ratio. Commitment fees and letters of credit fees are also tied to Viad's leverage ratio. The fees on the unused portion of the Credit Facility are currently 0.35 percent annually.

Viad's financial covenants include a fixed-charge coverage ratio of not less than 2.25 to 1 (2.50 to 1 after the fiscal quarter ending September 30, 2012) and a leverage ratio (defined as total debt to Adjusted EBITDA) of not greater than 2.50 to 1. Additionally, Viad must maintain a consolidated minimum cash and cash equivalents balance of \$50 million. As of June 30, 2012, the fixed-charge coverage and leverage ratios were 2.48 to 1 and 0.37 to 1, respectively. The terms of the Credit Facility allow Viad to pay up to \$10 million in dividends in the aggregate in any calendar year and also allow the Company to purchase up to \$10 million in any calendar year of the Company's common stock. Significant other covenants include limitations on: investments, additional indebtedness, sales/leases of assets, acquisitions, consolidations or mergers and liens on property. As of June 30, 2012, Viad was in compliance with all covenants.

As of June 30, 2012, Viad had certain obligations under guarantees to third parties on behalf of its subsidiaries. These guarantees are not subject to liability recognition in the consolidated financial statements and relate to leased facilities entered into by Viad's subsidiary operations. The Company would generally be required to make payments to the respective third parties under these guarantees in the event that the related subsidiary could not meet its own payment obligations. The maximum potential amount of future payments that Viad would be required to make under all guarantees existing as of June 30, 2012 would be \$24.8 million. These guarantees relate to leased facilities expiring through October 2017. There are no recourse provisions that would enable Viad to recover from third parties any payments made under the guarantees. Furthermore, there are no collateral or similar arrangements whereby Viad could recover payments.

Capital expenditures for the first six months of 2012 totaled \$14.1 million and primarily related to leasehold improvements and the purchase of rental inventory at the Marketing & Events U.S. segment as well as building improvements at the Travel & Recreation Group. For the first six months of 2011, capital expenditures totaled \$12.8 million and primarily related to the purchase of rental inventory, equipment and computer hardware primarily at the Marketing & Events U.S. segment.

On March 7, 2012, Viad completed the acquisition of the Banff International Hotel and related assets for \$23.6 million in cash. On January 5, 2011, Viad completed the acquisition of Grouse Mountain Lodge for \$10.5 million in cash. On June 29, 2011, Viad completed the acquisition of St. Mary Lodge & Resort for \$15.3 million in cash. On September 16, 2011, Viad completed the acquisition of Denali Backcountry Lodge and Denali Cabins for \$15.3 million in cash.

In 2012, management anticipates incurring an estimated \$12.5 million on the development of the Glacier Discovery Walk, a 1,312-foot guided interpretive walkway with a 98-foot glass-floored observation area overlooking the Sunwapta Valley at the Tangle Ridge Viewpoint in Jasper National Park, Alberta, Canada.

Viad has announced its intent to repurchase shares of the Company's common stock from time to time at prevailing market prices. No shares were repurchased during the first six months of 2012 or 2011. As of June 30, 2012, 53,621 shares remain available for repurchase under the announced authorization. Additionally, during the first six months of 2012 and 2011, the Company repurchased 50,894 shares for \$1.0 million and 28,627 shares for \$679,000, respectively, related to tax withholding requirements on share-based awards.

Viad and certain of its subsidiaries are plaintiffs or defendants to various actions, proceedings and pending claims, some of which involve, or may involve, compensatory, punitive or other damages. Litigation is subject to many uncertainties and it is possible that some of the legal actions, proceedings or claims could be decided against Viad. Although the amount of liability as of June 30, 2012 with respect to certain of these matters is not ascertainable, Viad believes that any resulting liability, after taking into consideration amounts already provided for, including insurance coverage, will not have a material impact on Viad's business, financial position or results of operations.

Viad is subject to various U.S. federal, state and foreign laws and regulations governing the prevention of pollution and the protection of the environment in the jurisdictions in which Viad has or had operations. If the Company has failed to comply with these environmental laws and regulations, civil and criminal penalties could be imposed and Viad could become subject to regulatory enforcement actions in the form of injunctions and cease and desist orders. As is the case with many companies, Viad also faces exposure to actual or potential claims and lawsuits involving environmental matters relating to its past operations. Although it is a party to certain environmental disputes, Viad believes that any resulting liabilities, after taking into consideration amounts already provided for, including insurance coverage, will not have a material effect on the Company's financial position, results of operations or liquidity. As of June 30, 2012, there was a remaining environmental remediation liability of \$5.4 million related to previously sold operations of which \$643,000 was included in the consolidated balance sheets under the caption "Other current liabilities" and \$4.8 million under the caption "Other deferred items and liabilities."

Viad's businesses contribute to various multi-employer pension plans based on obligations arising under collective bargaining agreements covering its union-represented employees. Based upon the information available to Viad from plan administrators, management believes that several of these multi-employer plans are underfunded. The Pension Protection Act of 2006 requires pension plans underfunded at certain levels to reduce, over defined time periods, the underfunded status. In addition, under current laws, the termination of a plan, or a voluntary withdrawal from a plan by Viad, or a shrinking contribution base to a plan as a result of the insolvency or withdrawal of other contributing employers to such plan, would require Viad to make payments to such plan for its proportionate share of the plan's unfunded vested liabilities. As of June 30, 2012, the amount of additional funding, if any, that Viad would be required to make related to multi-employer pension plans is not ascertainable.

Off-Balance Sheet Arrangements:

Viad does not have any “off-balance sheet” arrangements with unconsolidated special-purpose or other entities that would materially affect the Company’s financial position, results of operations, liquidity or capital resources. Furthermore, Viad does not have any relationships with special-purpose or other entities that provide off-balance sheet financing; liquidity, market risk or credit risk support; or engage in leasing or other services that expose the Company to liability or risks of loss that are not reflected in Viad’s consolidated financial statements.

Critical Accounting Policies and Estimates:

The preparation of financial statements in conformity with GAAP requires estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosures of contingent assets and liabilities in the consolidated financial statements. The SEC has defined a company’s most critical accounting policies as those that are most important to the portrayal of a company’s financial position and results of operations, and that require a company to make its most difficult and subjective judgments, often as a result of the need to make estimates of matters that are inherently uncertain. Based on these criteria, Viad has identified and discussed with its audit committee the following critical accounting policies and estimates pertaining to Viad, and the methodology and disclosures related to those estimates:

Goodwill — Goodwill is not amortized, but tested for impairment at the reporting unit level on an annual basis on October 31 of each year. Goodwill is also tested for impairment between annual tests if an event occurs or circumstances change that would more-likely-than-not reduce the fair value of a reporting unit below its carrying amount. Viad’s reporting units are defined, and goodwill is tested, at either an operating segment level, or at the component level of an operating segment, depending on various factors including the internal reporting structure of the operating segment, the level of integration among components, the sharing of assets among components, and the benefits and likely recoverability of goodwill by the component’s operations.

As of June 30, 2012, Viad had total goodwill of \$135.9 million consisting of \$85.0 million related to the Marketing & Events Group and \$50.9 million related to the Travel & Recreation Group. Within the Marketing & Events Group, goodwill of \$62.7 million relates to the Marketing & Events U.S. segment and \$22.3 million relates to the Marketing & Events International segment. For impairment testing purposes, the goodwill related to the Marketing & Events U.S. segment is assigned to and tested at the operating segment level, which represents all domestic operations of GES. Furthermore, the goodwill related to the Marketing & Events International segment is assigned to and tested at the component level within the segment’s geographical operations. As of June 30, 2012, the amount of goodwill assigned to the reporting units in the United Kingdom and Canada was \$13.4 million and \$8.9 million, respectively. Also, as of June 30, 2012, the Brewster, Glacier Park and Alaska Denali Travel operating segments (within the Travel & Recreation Group) had goodwill of \$43.2 million, \$4.5 million and \$3.2 million, respectively. Brewster, Glacier Park and Alaska Denali Travel are considered reporting units for goodwill impairment testing purposes.

Viad uses a discounted expected future cash flow methodology (income approach) in order to estimate the fair value of its reporting units for purposes of goodwill impairment testing. The estimates and assumptions regarding expected future cash flows, discount rates and terminal values require considerable judgment and are based on market conditions, financial forecasts, industry trends and historical experience.

The most critical assumptions and estimates in determining the estimated fair value of its reporting units relate to the amounts and timing of expected future cash flows for each reporting unit and the reporting unit cost of capital (discount rate) applied to those cash flows. Furthermore, the assumed reporting unit cost of capital rates (discount rates) are estimated using a build-up method based on the perceived risk associated with the cash flows pertaining to the specific reporting unit. In order to assess the reasonableness of its fair value estimates, the Company performs a reconciliation of the aggregate fair values of its reporting units to Viad’s market capitalization.

As noted above, the estimates and assumptions regarding expected future cash flows, discount rates and terminal values require considerable judgment and are based on market conditions, financial forecasts, industry trends and historical experience. These estimates, however, have inherent uncertainties and different assumptions could lead to materially different results. As of June 30, 2012, Viad had aggregate goodwill of \$135.9 million recorded in the consolidated balance sheets. Furthermore, as a result of the Company’s most recent impairment analysis performed in the fourth quarter of 2011, the excess of the estimated fair values over the carrying values (expressed as a percentage of the carrying amounts) under step one of the impairment test were 89 percent, 43 percent and 30 percent for each of the Marketing & Events Group reporting units in the United States, the United Kingdom and Canada, respectively. For the Brewster and Glacier Park reporting units, the excess of the estimated fair value over the carrying value was 44 percent and 48 percent, respectively, as of the most recent impairment test. Significant reductions in the Company’s expected future revenue, operating income or cash flow forecasts and projections, or an increase in reporting unit cost of capital, could trigger additional goodwill impairment testing, which may result in impairment losses. Furthermore, management continues to monitor the market capitalization of the Company as ongoing declines in market capitalization could be indicative of possible goodwill impairment.

Income taxes — Viad is required to estimate and record provisions for income taxes in each of the jurisdictions in which the Company operates. Accordingly, the Company must estimate its actual current income tax liability, and assess temporary differences arising from the treatment of items for tax purposes as compared to the treatment for accounting purposes. These differences result in deferred tax assets and liabilities which are included in Viad's consolidated balance sheets. The Company must assess the likelihood that deferred tax assets will be recovered from future taxable income and to the extent that recovery is not likely, a valuation allowance must be established. The Company uses significant judgment in forming a conclusion regarding the recoverability of its deferred tax assets and evaluates the available positive and negative evidence to determine whether it is more-likely-than-not that its deferred tax assets will be realized in the future. As of June 30, 2012 and December 31, 2011, Viad had gross deferred tax assets of \$68.7 million and \$70.7 million, respectively. These deferred tax assets reflect the expected future tax benefits to be realized upon reversal of deductible temporary differences, and the utilization of net operating loss and tax credit carryforwards.

The Company considered all available positive and negative evidence regarding the future recoverability of its deferred tax assets, including the Company's recent operating history and projected taxable income, taxpaying history and future reversals of deferred tax liabilities. Furthermore, Viad also considered the fact that goodwill impairment losses are not tax deductible and thus did not contribute to tax losses. As of June 30, 2012 and December 31, 2011, Viad had a valuation allowance of \$394,000 and \$356,000, respectively, related to certain state and foreign deferred tax assets. With respect to all other deferred tax assets, management believes that recovery from future taxable income is more-likely-than-not.

As noted above, Viad uses considerable judgment in forming a conclusion regarding the recoverability of its deferred tax assets. As a result, there are inherent uncertainties regarding the ultimate realization of these assets, which is primarily dependent upon Viad's ability to generate sufficient taxable income in future periods. In future periods, it is reasonably possible that the relative weight of positive and negative evidence regarding the recoverability of Viad's deferred tax assets may change, which could result in a material increase in the Company's valuation allowance. If such an increase in the valuation allowance were to occur, it would result in increased income tax expense in the period the assessment was made.

Insurance liabilities — Viad is self-insured up to certain limits for workers' compensation, automobile, product and general liability and property loss claims. The aggregate amount of insurance liabilities related to Viad's continuing operations was \$21.0 million as of June 30, 2012. Of this total, \$14.0 million related to workers' compensation liabilities and the remaining \$7.0 million related to general/auto liability claims. Viad has also retained and provided for certain insurance liabilities in conjunction with previously sold businesses totaling \$6.0 million as of June 30, 2012, primarily related to workers' compensation liabilities. Provisions for losses for claims incurred, including estimated claims incurred but not yet reported, are made based on Viad's historical experience, claims frequency and other factors. A change in the assumptions used could result in an adjustment to recorded liabilities. Viad has purchased insurance for amounts in excess of the self-insured levels, which generally range from \$200,000 to \$500,000 on a per claim basis. Viad does not maintain a self-insured retention pool fund as claims are paid from current cash resources at the time of settlement. Viad's net cash payments in connection with these insurance liabilities were \$2.6 million and \$3.4 million for the first six months of 2012 and 2011, respectively.

Pension and postretirement benefits — Viad's pension plans use traditional defined benefit formulas based on years of service and final average compensation. Funding policies provide that payments to defined benefit pension trusts shall be at least equal to the minimum funding required by applicable regulations. The Company presently anticipates contributing \$1.6 million to its funded pension plans and \$952,000 to its unfunded pension plans in 2012, of which the Company has contributed \$683,000 and \$470,000 during the first six months of 2012, respectively.

Viad and certain of its subsidiaries have defined benefit postretirement plans that provide medical and life insurance for certain eligible employees, retirees and dependents. The related postretirement benefit liabilities are recognized over the period that services are provided by employees. In addition, Viad retained the obligations for these benefits for retirees of certain sold businesses. While the plans have no funding requirements, Viad expects to contribute \$450,000 to the plans in 2012, however, due to timing did not made any contributions during the first six months of 2012. The assumed health care cost trend rate used in measuring the December 31, 2011 accumulated postretirement benefit obligation was nine percent, declining one-half percent each year to the ultimate rate of five percent by the year 2019 and remaining at that level thereafter.

A one-percentage-point increase in the assumed health care cost trend rate for each year would increase the accumulated postretirement benefit obligation as of December 31, 2011 by approximately \$1.7 million and the total of service and interest cost components by approximately \$112,000. A one-percentage-point decrease in the assumed health care cost trend rate for each year would decrease the accumulated postretirement benefit obligation as of December 31, 2011 by approximately \$1.5 million and the total of service and interest cost components by approximately \$93,000.

The weighted-average assumptions used to determine the pension and postretirement benefit obligations as of December 31, 2011 were as follows:

	Domestic Plans		Postretirement	
	Funded Plans	Unfunded Plans	Benefit Plans	Foreign Plans
	Discount rate	4.92%	4.75%	4.70%

The weighted-average assumptions used to determine the 2011 net periodic benefit cost were as follows:

	Domestic Plans		Postretirement	
	Funded Plans	Unfunded Plans	Benefit Plans	Foreign Plans
	Discount rate	5.45%	5.10%	5.10%
Expected return on plan assets	6.35%	N/A	6.10%	5.50%

The discount rates used in determining future pension and postretirement benefit obligations are based on rates determined by actuarial analysis and management review, and reflect the estimated rates of return on a high-quality, hypothetical bond portfolio whose cash flows match the timing and amounts of expected benefit payments.

Share-based compensation — The fair values of restricted stock and performance-based restricted stock awards are based on Viad’s stock price on the date of grant. Liability-based awards are recorded at estimated fair value, based on the number of units expected to vest and the level of achievement of predefined performance goals (where applicable) and are remeasured on each balance sheet date based on Viad’s stock price until the time of settlement. Viad uses the Black-Scholes option pricing model for purposes of determining the fair value of each stock option grant for which key assumptions are necessary. These assumptions include Viad’s expected stock price volatility, the expected period of time the stock option will remain outstanding, the expected dividend yield on Viad common stock and the risk-free interest rate. Changes in the assumptions could result in different estimates of the fair value of stock option grants and consequently impact Viad’s results of operations.

Impact of Recent Accounting Pronouncements:

For a description of recently issued accounting pronouncements, including the expected dates of adoption and estimated effects, if any, on Viad’s consolidated financial statements, see Note 19 of notes to consolidated financial statements.

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 quarterly report 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, 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, legal expenses, tax rates and other tax matters, foreign exchange rates and the realization of restructuring cost savings. Actual results could differ materially from those discussed in the forward-looking statements. Viad’s businesses can be affected by a host of risks and uncertainties. Among other things, natural disasters, gains and losses of customers, consumer demand patterns, labor relations, purchasing decisions related to customer demand for exhibition and event services, existing and new competition, industry alliances, consolidation and growth patterns within the industries in which Viad competes, acquisitions, adverse developments in liabilities associated with discontinued operations and any 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 terrorist activities or war, a pandemic or other health crisis and international conditions, could affect the forward-looking statements in this quarterly report. Additional information concerning business and other risk factors that could cause actual results to materially differ from those in the forward looking statements are discussed in “Risk Factors” in the risk factors sections included in Viad’s 2011 Annual Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Viad's market risk exposures relate to fluctuations in foreign exchange rates, interest rates and certain commodity prices. Foreign exchange risk is the risk that fluctuating exchange rates will adversely affect Viad's financial condition or results of operations. Interest rate risk is the risk that changing interest rates will adversely affect the earnings of Viad. Commodity risk is the risk that changing prices will adversely affect results of operations.

Viad conducts its foreign operations primarily in Canada and the United Kingdom and to a lesser extent in certain other countries. The functional currency of Viad's foreign subsidiaries is their local currency. Accordingly, for purposes of consolidation, Viad translates the assets and liabilities of its foreign subsidiaries into U.S. dollars at the foreign exchange rates in effect at the balance sheet date. The unrealized gains or losses resulting from the translation of these foreign denominated assets and liabilities are included as a component of accumulated other comprehensive income in Viad's consolidated balance sheets. As a result, significant fluctuations in foreign exchange rates relative to the U.S. dollar may result in material changes to Viad's net equity position reported in its consolidated balance sheets. Viad does not currently hedge its equity risk arising from the translation of foreign denominated assets and liabilities. Viad had cumulative unrealized foreign currency translation gains recorded in stockholders' equity of \$35.6 million and \$34.6 million as of June 30, 2012 and December 31, 2011, respectively. During the three and six months ended June 30, 2012, unrealized foreign currency translation losses of \$3.4 million and gains of \$1.0 million, respectively, were recorded in other comprehensive income.

In addition, for purposes of consolidation, the revenues, expenses, gains and losses related to Viad's foreign operations are translated into U.S. dollars at the average foreign exchange rates for the period. As a result, Viad's consolidated results of operations are exposed to fluctuations in foreign exchange rates as the operating results of its foreign operations, when translated, may vary from period to period, even when the functional currency amounts have not changed. Such fluctuations may adversely impact overall expected profitability and historical period-to-period comparisons. Viad does not currently hedge its net earnings exposure arising from the translation of its foreign operating results. As noted above, Viad primarily conducts its foreign operations in Canada and the United Kingdom. The following table summarizes the effect of foreign exchange rate variances on segment operating results from Viad's Canadian and United Kingdom operations for the three months ended June 30:

	Weighted-Average Exchange Rates		Effect of Rate
	2012	2011	Variance (thousands)
Canadian Operations:			
Marketing & Events Group	\$1.03	\$1.05	\$ (20)
Travel & Recreation Group	\$0.98	\$1.04	\$ (287)
United Kingdom Operations:			
Marketing & Events Group	\$1.65	\$1.64	\$ (19)

The following table summarizes the effect of foreign exchange rate variances on segment operating income from Viad's Canadian and United Kingdom operations for the six months ended June 30:

	Weighted-Average Exchange Rates		Effect of Rate
	2012	2011	Variance (thousands)
Canadian Operations:			
Marketing & Events Group	\$1.01	\$1.06	\$ (85)
Travel & Recreation Group	\$0.93	\$1.09	\$ (244)
United Kingdom Operations:			
Marketing & Events Group	\$1.61	\$1.63	\$ (55)

As the Canadian operations generated aggregate operating income for the second quarter of 2012, Viad's segment operating results have been unfavorably impacted by \$307,000 from the weakening of the Canadian dollar relative to the U.S. dollar. As the United Kingdom operations generated an aggregate operating income in the second quarter of 2012, Viad's segment operating income has been unfavorably impacted by \$19,000 from the weakening of the British pound relative to the U.S. dollar. As the Canadian operations generated aggregate operating income for the first six months of 2012, Viad's

segment operating income has been unfavorably impacted by \$329,000 from the strengthening of the Canadian dollar relative to the U.S. dollar compared to 2011. As the United Kingdom operations generated aggregate operating income in the first six months of 2012, Viad's segment operating income has been unfavorably impacted by \$55,000 from the strengthening of the British pound relative to the U.S. dollar compared to 2011.

Viad is exposed to short-term interest rate risk on certain of its debt obligations. Viad currently does not use derivative financial instruments to hedge cash flows for such obligations. In April 2011, Viad paid off its outstanding borrowing under the previous credit facility of \$4.2 million. As of June 30, 2012, Viad did not have any variable rate debt outstanding.

Item 4. Controls and Procedures.

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer of Viad, the effectiveness of the design and operation of disclosure controls and procedures has been evaluated as of June 30, 2012, and, based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective as of June 30, 2012. Disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in such reports is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure.

There were no changes in the Company's internal control over financial reporting during the second quarter of 2012 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1A. Risk Factors.

In addition to the other information set forth in this report, careful consideration should be given to the factors discussed in "Item 1A. Risk Factors" of Part I and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II of Viad's Annual Report on Form 10-K for the year ended December 31, 2011, as well as the updated risk factor discussed in "Item 1A. Risk Factors" of Part II of Viad's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, which could materially affect the Company's business, financial condition and/or future results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Set forth below is a table showing that no shares of Viad common stock were repurchased during the second quarter of 2012.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of		Shares	Maximum Number (or
	Shares	Average Price	Purchased as	
	Purchased (#)	Paid Per Share (\$)	Part of Publicly	Approximate Dollar
			Announced	Value) of Shares that
			Plans or	May
			Programs	Yet Be Purchased
				Under the Plans or
				Programs (1)
None	—	—	—	53,621
Total	—	—	—	53,621

(1) Viad has announced its intent to repurchase shares of the Company's common stock from time to time at prevailing market prices. No shares were repurchased during the second quarter of 2012. As of June 30, 2012, 53,621 shares remain available for repurchase under the announced authorization. The authorization of the Board of Directors does not have an expiration date.

Item 6. Exhibits.

- | | |
|------------------|--|
| Exhibit No. 31.1 | Certification of Chief Executive Officer of Viad Corp pursuant to Section 302 of the Sarbanes-Oxley Act of 2002* |
| Exhibit No. 31.2 | Certification of Chief Financial Officer of Viad Corp pursuant to Section 302 of the Sarbanes-Oxley Act of 2002* |
| Exhibit No. 32.1 | Certification of Chief Executive Officer of Viad Corp pursuant to Section 906 of the Sarbanes-Oxley Act of 2002* |
| Exhibit No. 32.2 | Certification of Chief Financial Officer of Viad Corp pursuant to Section 906 of the Sarbanes-Oxley Act of 2002* |

* Filed herewith.

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)

August 8, 2012
(Date)

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

CERTIFICATION

I, Paul B. Dykstra, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Viad Corp;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2012

By: /s/ Paul B. Dykstra

Paul B. Dykstra
President and Chief Executive Officer

CERTIFICATION

I, Ellen M. Ingersoll, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Viad Corp;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2012

By: /s/ Ellen M. Ingersoll
Ellen M. Ingersoll
Chief Financial Officer

**Certification Pursuant To
18 U.S.C. Section 1350,
As Adopted Pursuant To
Section 906 of the Sarbanes-Oxley Act of 2002**

I, Paul B. Dykstra, Chief Executive Officer of Viad Corp, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the report on Form 10-Q of Viad Corp for the fiscal quarter ended June 30, 2012 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. Section 78m or 78o(d)); and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Viad Corp.

Date: August 8, 2012

By: /s/ Paul B. Dykstra

Paul B. Dykstra
Chief Executive Officer

**Certification Pursuant To
18 U.S.C. Section 1350,
As Adopted Pursuant To
Section 906 of the Sarbanes-Oxley Act of 2002**

I, Ellen M. Ingersoll, Chief Financial Officer of Viad Corp, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. the report on Form 10-Q of Viad Corp for the fiscal quarter ended June 30, 2012 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. Section 78m or 78o(d)); and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Viad Corp.

Date: August 8, 2012

By: /s/ Ellen M. Ingersoll

Ellen M. Ingersoll
Chief Financial Officer