

# VIAD CORP

## FORM 10-K405

(Annual Report (Regulation S-K, item 405))

Filed 3/24/1999 For Period Ending 12/31/1998

Address	1850 NORTH CENTRAL AVE SUITE 800 PHOENIX, Arizona 85004-4545
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CIK	0000884219
Industry	Business Services
Sector	Services
Fiscal Year	12/31

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# SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

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## FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 1998 Commission File Number 001-11015

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### VIAD CORP

(Exact name of registrant as specified in its charter)

Delaware  
(State or Other Jurisdiction of  
Incorporation or Organization)

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

Viad Tower, Phoenix, Arizona  
(Address of Principal Executive Offices)

85077  
(Zip Code)

Registrant's Telephone Number, Including Area Code: 602-207-4000

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#### Securities registered pursuant to Section 12(b) of the Act:

TITLE OF EACH CLASS -----	NAME OF EACH EXCHANGE ON WHICH REGISTERED -----
Common Stock, \$1.50 par value	New York Stock Exchange
\$4.75 Preferred Stock (stated value \$100 per share)	New York Stock Exchange
Securities registered pursuant to Section 12(g) of the Act: NONE	

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, and (2) has been subject to such filing requirements for the past 90 days. Yes X No \_\_\_

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

As of March 12, 1999, 99,082,458 shares of Common Stock (\$1.50 par value) were outstanding and the aggregate market value of the Common Stock (based on its closing price per share on such date) held by nonaffiliates was approximately \$2.54 billion.

#### DOCUMENTS INCORPORATED BY REFERENCE

DOCUMENTS	WHERE INCORPORATED
A portion of Proxy Statement for Annual Meeting of Shareholders to be held May 11, 1999	Part III
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## PART I

### ITEM 1. BUSINESS.

Viad Corp ("Viad" or the "Corporation") is comprised of operating companies and a division which constitute a diversified services business. Most of Viad's services are provided to businesses for use by their customers. Accordingly, the Corporation markets its services to approximately 76,000 retail and financial locations primarily in the U.S. (payment services), numerous trade show organizers and exhibitors (convention and exhibit services), more than 100 domestic and international airlines (in-flight food service), and others. Occupying the number one or number two position in many of the markets in which they compete, each of the Corporation's businesses seek to provide quality, convenient and cost-effective services with a discernible difference to the ultimate users and thereby be considered a value-added provider by Viad's business customers.

Viad's services are classified into three reportable business segments, namely (1) Payment Services, (2) Convention and Event Services, and (3) Airline Catering. The Corporation also provides travel and recreation services. A description of each of the Viad reportable business segments, the travel and recreation businesses, and recent developments relating to each follows.

#### VIAD BUSINESS UNITS

Viad is built around several operating groups which are leading competitors in their businesses, including companies engaged in payment services (Travelers Express Company, Inc., MoneyGram Payment Systems, Inc., and Game Financial Corporation), convention and event services (GES Exposition Services, Inc. and Exhibitgroup/Giltspur division), and airline catering (Dobbs International Services, Inc.). Viad business units also provide travel tour services (Brewster Transport Company Limited) and recreation services (ProDine division and Glacier Park, Inc.).

## **PAYMENT SERVICES**

Viad's payment services business is conducted by the Travelers Express group of companies. These companies engage in a variety of payment service activities, including issuance and processing of money orders, processing of official checks and share drafts, and money transfer and cash access services.

Travelers Express sells money orders to the public through approximately 52,600 retail and financial locations in the United States and Puerto Rico, and is one of the nation's leading issuers of money orders, issuing more than 274 million money orders in 1998. Travelers Express also provides processing services for approximately 5,000 banks, credit unions and other financial institutions which offer official checks (used by financial institutions in place of their own bank check or cashier's check) and share drafts (the credit union industry's version of a personal check). In addition, MoneyGram Payment Systems, Inc. ("MoneyGram"), a subsidiary of Travelers Express, provides money transfer services through approximately 26,000 agent locations in 110 countries worldwide. Another subsidiary, Game Financial Corporation ("Game Financial"), provides cash access services, including credit card advances, check cashing and ATM services to 77 casinos in the gaming industry. The company also provides in-person bill payment services for utility companies and others, and high volume processing of refund and rebate checks, food vouchers, gift certificates and other financial instruments.

Game Financial was acquired in December 1997 and MoneyGram was acquired effective June 1, 1998. These major acquisitions provide new products for Travelers Express and provide an opportunity for Travelers Express and the acquired companies to cross-sell their existing products and services.

## CONVENTION AND EVENT SERVICES

Convention and event services are provided by the Corporation's GES Exposition Services and Exhibitgroup/Giltspur companies.

GES Exposition Services ("GES"), North America's leading supplier of convention services to trade associations, show management companies and exhibitors, provides tradeshow design and planning, decorating, exhibit design, installation and dismantling, display rental, custom graphics, furnishings, audio visual, electrical, logistics, transportation and management services for conventions, tradeshow, and corporate and special events. GES provides convention services through a network of offices in North America's most active and popular tradeshow service markets, and is also an official contractor for ZD Events, Inc., one of the largest independent producers of trade shows in the world and the operator of COMDEX, the largest technology trade show in North America. GES acquired ESR Exposition Services, Inc., a tradeshow contractor headquartered in Teterboro, New Jersey, in May 1998. The company also acquired the trade show business of Puliz of Utah, Inc. and Puliz Moving and Storage, Inc., in June 1998, and electrical contractor business of Ainsworth Electric Company Limited in July 1998. The Puliz businesses are headquartered in Reno, Nevada, and Ainsworth Electric is headquartered in Toronto, Ontario, Canada.

Exhibitgroup/Giltspur ("EXG") operates the largest exhibit and display business in the world. EXG is a designer, builder and installer of convention, tradeshow, museum and other exhibits and displays with locations in 26 U.S. cities, one Canadian city and two German cities, and an international network of strategic partners in 21 countries. The company also offers exhibition marketing, planning and strategy services, including advertising, multimedia, video and event design. In April 1998, the company added retail kiosks to its product mix by acquisition of T.L. Horton Design, a business headquartered in Dallas, Texas. EXG also acquired Dimension Works, Inc. and the business of Impact Group, Inc., in November, 1998, and an 80% interest in Voblo Innenausbau in September 1998. The acquisition of Voblo, an exhibit company headquartered outside of Dusseldorf, Germany, will permit EXG to compete in the European trade show market. EXG is operated as a division of Viad.

## **AIRLINE CATERING**

Airline catering operations are conducted by Dobbs International Services, Inc. Dobbs International, which has been conducting airline catering operations since 1941, is the second largest domestic in-flight caterer. At the end of 1998, Dobbs International's in-flight catering operations were preparing and providing in-flight meals, snacks, beverages and related services to more than 100 domestic and international airlines at 46 airports in the United States and 5 airports in the United Kingdom. Dobbs International prepares approximately 145 million meals or snacks per year. The four largest customers of Dobbs International are United Airlines, Delta Airlines, American Airlines, and Northwest Airlines. Dobbs International and/or its predecessors have provided airline catering services to these and other customers for over 50 years, on average.

Dobbs International will enter a new market in April 1999 as a result of a seven-year contract to provide food service for National Railroad Passenger Corporation, commonly known as "Amtrak." The company will manage the operation of Amtrak's 14 commissaries nationwide and will provide food service to railroad operations in major cities throughout the country. In June 1998, Dobbs International also acquired a flight kitchen in Las Vegas, Nevada.

Dobbs International has been involved in a "Quality Improvement Process" for many years and has been consistently recognized by its customers and suppliers as a superior caterer due to its high standards of quality, excellence and innovation.

## **TRAVEL AND RECREATION SERVICES**

Travel and recreation services are provided by the Brewster Transport and ProDine business units.

Brewster Transport Company Limited, an Alberta, Canada corporation, operates tour and charter buses in the Canadian Rockies, and engages in travel agency, hotel and snocoach tour operations. Brewster Transport owns and operates 96 intercity coaches and 4 transit buses, as well as 18 snocoaches which transport sightseers on tours of the glaciers of the Columbia Icefield.

The Corporation's ProDine recreation division acts as the prime concessionaire for all food and beverage services at the America West Arena and Bank One Ballpark in Phoenix, Arizona. America West Arena is the home of the Phoenix Suns basketball and Phoenix Coyotes hockey teams, and Bank One Ballpark is the home of the Arizona Diamondbacks major league baseball franchise. The division, through a subsidiary, also operates 7 historic lodges in and around Glacier National Park in Montana and Canada.

## **COMPETITION**

The Corporation's businesses generally compete on the basis of price, value, quality, discernible difference, convenience and service, and encounter substantial competition from a large number of providers of similar services, including numerous well-known local, regional and national companies, private payment service companies and the U.S. Postal Service (money orders), many of which have greater resources than the Corporation. Travelers Express also competes on the basis of quality and number of sales outlet locations, business automation, technology and accounting controls, and Dobbs International also competes on the basis of reliability, condition of kitchen facilities and truck fleet, and on-time record. The U.S. Postal Service, First Data Corporation and its subsidiary Western Union Financial Services, Inc., and American Express are the principal competition of Travelers Express, and SC International Services, Inc. (LSG Sky Chefs) is the principal competitor of Dobbs International. On a national basis, Freeman Decorating Company is the principal competitor of GES Exposition, and George P. Johnson, Co. Inc. is the principal competitor of Exhibitgroup/Giltspur.

## **PATENTS AND TRADEMARKS**

United States patents are currently granted for a term of 20 years from the date a patent application is filed. The Viad companies own a number of patents which give them competitive advantages in the marketplace, including a number of patents owned by Exhibitgroup/Giltspur covering exhibit systems and by Travelers Express for automated money order dispensing systems. The Travelers Express patents cover security, automated reporting and control, and other features which are important in the issuance of money orders.

United States trademark registrations are for a term of 10 years, renewable every 10 years as long as the trademarks are used in the regular course of trade. The Viad companies maintain a portfolio of trademarks representing substantial goodwill in the businesses using the marks.

Many trademarks used by Viad and its subsidiaries, including the TRAVELERS EXPRESS, MONEYGRAM, EXHIBITGROUP/GILTSPUR, GES, DOBBS, and DOBBS INTERNATIONAL SERVICES service marks, have substantial importance and value. Certain rights in software held by Travelers Express and its subsidiaries also provide competitive advantage.

## **GOVERNMENT REGULATION**

Compliance with legal requirements and government regulations are a day-to-day integral part of the Corporation's operations and represent a normal cost of doing business. Financial transaction reporting and state banking department regulations affect Travelers Express; state gaming department regulations affect Game Financial; and food safety and airport security regulations are of importance to Dobbs International. Environmental, labor and employment and other regulations affect virtually all operations. As is the case with many companies, the Corporation faces exposure to actual or potential claims and lawsuits involving environmental matters. Although the Corporation is a party to certain environmental disputes, the Corporation believes that any liabilities resulting therefrom, after taking into consideration amounts already provided for, exclusive of any potential insurance recoveries, will not have a material effect on the Corporation's financial position or results of operations.

## EMPLOYEES

### EMPLOYMENT AT DECEMBER 31, 1998

SEGMENT	APPROXIMATE NUMBER OF EMPLOYEES	REGULAR FULL TIME EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS
Payment Services	1,800	0
Convention and Event Services	4,500	2,000
Airline Catering	12,400	8,000
Travel and Recreation Services	1,100*	100

\* Excludes employees of the contract foodservice operations of Restaura, Inc., which were sold January 27, 1999.

Viad believes that relations with its employees are satisfactory and that collective bargaining agreements expiring in 1999 will be renegotiated in the ordinary course of business without adverse effect on Viad's operations.

Viad had 129 employees at its corporate center at December 31, 1998, providing management, financial and accounting, tax, administrative, legal and other services to its operating units and handling residual matters pertaining to businesses previously discontinued or sold by the Corporation. Viad is managed by a Board of Directors comprised of seven nonemployee directors and one employee director and has an executive management team consisting of seven Viad officers (including the one employee director) and four principal executives of significant operating divisions or companies.

## **SEASONALITY**

The first quarter is normally the slowest quarter of the year for Viad. Due to increased leisure travel during the summer and year-end holidays, Viad's airline catering and travel and recreation operations generally experience peak activity at these times. Convention and event service companies generally experience increased activity during the first half of the year. As a result of these factors, Viad's 1998 quarterly diluted earnings per share (before nonrecurring items), as a percentage of the full year's earnings, were approximately 12% (first quarter), 28% (second quarter), 33% (third quarter), and 27% (fourth quarter). See Note [R] of Notes to Consolidated Financial Statements.

## **OTHER MATTERS**

The Corporation disposed of several noncore businesses during 1998 and early 1999. Effective April 1, 1998, the Corporation sold its Aircraft Services International group of companies, which conducted aircraft fueling and ground handling operations, and on September 15, 1998, the Corporation completed the sale of Greyhound Leisure Services, Inc., which conducted duty-free and shipboard concessions business. Restaura, Inc., a dining services company, was sold in late January 1999. (See Notes C and S of Notes to Consolidated Financial Statements for further information.)

## **SHELF REGISTRATION**

The Corporation has a shelf registration on file with the Securities and Exchange Commission covering \$500 million of debt and equity securities. To date, no securities have been offered under the registration.

## **BUSINESS SEGMENTS**

Business segment information is set forth in Exhibit 13.

## **ITEM 2. PROPERTIES.**

Viad and its subsidiaries operate service or production facilities, and maintain sales and service offices in the United States, Canada, the United Kingdom and Germany. The Corporation also conducts business in certain other foreign countries.

Viad's headquarters are located at Viad Tower in Phoenix, Arizona. Viad leases seven floors (consisting of approximately 159,000 square feet).

PAYMENT SERVICES operates 17 offices (including Travelers Express corporate headquarters located in Minneapolis, Minnesota) and three payment services processing centers, two of which are located in Minnesota and one in Colorado. All of the facilities are leased.

CONVENTION AND EVENT SERVICES operates 17 offices and 82 multi-use facilities (exhibit construction, office and/or warehouse). The principal facilities, used in the design and production of exhibits and in connection with providing trade show and exposition services, range in size from approximately 100,000 square feet to 475,000 square feet. All of the properties are in the United States, except for one office and eight multi-use facilities that are located in Canada, and three multi-use facilities that are located in Germany. Five of the multi-use facilities are owned; all other properties are leased. GES and Exhibit/Giltspur corporate headquarters are located in Las Vegas, Nevada, and Roselle, Illinois, respectively.

AIRLINE CATERING operates eight administrative offices (including Dobbs International's corporate headquarters located in Memphis, Tennessee), one maintenance garage and 64 catering kitchens. All of the properties are in the United States, except for five catering kitchens that are located in the United Kingdom. Twelve of the catering kitchens are owned. All other properties are leased, except for two catering kitchens provided by airlines to which services are rendered.

The catering kitchens, aggregating approximately three million square feet, are located at or near major airports. Actual sizes of the kitchens vary, depending on the level of business activity at each location.

TRAVEL AND RECREATION SERVICES operates two offices, two retail stores, three bus terminals, four garages and nine hotels/lodges (with approximately 900 rooms, and ancillary foodservice and recreational facilities). All of the properties are in the United States, except for one retail store, the bus terminals, garages, icefield tour facility, and three hotels/lodges that are located in Canada. Travel and Recreation Services owns four hotels/lodges and five other hotels/lodges are operated pursuant to a concessionaire agreement. One bus terminal and three garages are owned; the icefield tour facility is jointly owned and operated with Parks Canada; all other properties are leased.

Management believes that Viad's facilities in the aggregate are adequate and suitable for their purposes and that capacity is sufficient for current needs.

### **ITEM 3. LEGAL PROCEEDINGS**

The Corporation and certain subsidiaries are plaintiffs or defendants to various actions, proceedings and pending claims, including pending or potential claims by or on behalf of approximately 6,500 former railroad workers claiming asbestos-related health conditions from exposure to railroad equipment made by former subsidiaries. Certain of these pending legal actions are or purport to be class actions. Some of the foregoing 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 the Corporation. Although the amount of liability at December 31, 1998, with respect to these matters is not ascertainable, Viad believes that any resulting liability will not have a material effect on the Corporation's financial position or results of operations.

**ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITYHOLDERS.**

No matters were submitted to a vote of securityholders during the fourth quarter of 1998.

**OPTIONAL ITEM. EXECUTIVE OFFICERS OF REGISTRANT.**

The names, ages and positions of the executive officers of the Corporation as of March 12, 1999, are listed below:

NAME	AGE	OFFICE	EXECUTIVE POSITION HELD SINCE
Robert H. Bohannon	54	Chairman of the Board, President and Chief Executive Officer of the Corporation	1997
John A. Modzelewski	51	Chief Financial Officer of the Corporation	1999
Ronald G. Nelson	57	Vice President-Finance and Treasurer of the Corporation	1987
Peter J. Novak	59	Vice President and General Counsel of the Corporation	1996
Scott E. Sayre	52	Secretary and Associate General Counsel of the Corporation	1997
Richard C. Stephan	59	Vice President-Controller of the Corporation (Retiring March 31, 1999)	1980
Wayne A. Wight	56	Vice President-Corporate Development of the Corporation	1998
George H. Alvord	52	President and Chief Executive Officer of Dobbs International Services, Inc., a subsidiary of the Corporation	1999
Charles J. Corsentino	52	President and Chief Executive Officer of Exhibitgroup/Giltspur, a division of the Corporation	1991
Philip W. Milne	40	President and Chief Executive Officer of Travelers Express Company, Inc., a subsidiary of the Corporation	1996
Paul B. Mullen	44	President and Chief Executive Officer of GES Exposition Services, Inc. a subsidiary of the Corporation	1996

Each of the foregoing officers, with the exceptions set forth below, has served in the same, similar or other executive positions with Viad or its subsidiaries for more than the past five (5) years.

Prior to February 1999, Mr. Alvord served as Vice President-Marketing and Sales of Dobbs International Services, Inc., since November, 1987.

Prior to January 1997, Mr. Bohannon served as President and Chief Operating Officer of the Corporation since August 15, 1996. Prior thereto he was President and Chief Executive Officer of Travelers Express Company, Inc. since 1993.

Prior to August 1996, Mr. Milne was Vice President-General Manager-Retail Payment Products of Travelers Express Company, Inc., since May, 1993.

Prior to February 1999, Mr. Modzelewski was a Senior Vice President of PaineWebber Incorporated since 1996, and prior thereto was a First Vice President of that company.

Prior to May 1996, Mr. Mullen was President and Chief Executive Officer of Giltspur, Inc., since 1995. Prior thereto he was Executive Vice President and Chief Operating Officer of Giltspur, Inc. since 1994, and prior to that, he was President of the Pittsburgh Division of Giltspur, Inc. since 1992.

Prior to February 1996, Mr. Novak was Deputy General Counsel of the Corporation, and prior to serving in that position was Group General Counsel of the Corporation.

Prior to January 1997, Mr. Sayre served as Assistant Secretary and Assistant General Counsel of the Corporation since February 1996, and prior thereto was Assistant General Counsel.

Prior to February 1998, Mr. Wight served as Executive Director-Corporate Development of the Corporation since 1992.

The term of office of the executive officers is until the next annual organization meetings of the Boards of Directors of Viad or appropriate subsidiaries, all of which are scheduled for May or June of this year.

The Directors of Viad are divided into three classes, with the terms of one class of Directors to expire at each Annual Meeting of Stockholders. The current term of office of Robert H. Bohannon is scheduled to expire at the 2000 Annual Meeting of Stockholders.

**PART II**

**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.**

The principal market on which the common stock of Viad is traded is the New York Stock Exchange. The common stock is also admitted for trading on the Midwest, Pacific, Philadelphia and Cincinnati Exchanges. The following tables summarize the high and low market prices as reported on the New York Stock Exchange Composite Tape and the cash dividends declared for the two years ended December 31, 1998:

Sales Price Range of Common Stock					
Calendar Quarters	1998		1997		Low
	High	Low	High	Low	
First	\$25.0625	\$18.5625	\$18.0000	\$14.8750	
Second	27.7500	23.4375	19.5000	14.6250	
Third	29.7500	20.6250	20.3750	17.0000	
Fourth	30.5625	21.5625	20.3125	17.1250	

Dividends Declared on Common Stock		
	1998	1997
February	\$ .08	\$ .08
May	.08	.08
August	.08	.08
November	.08	.08
TOTAL	\$0.32	\$0.32

Regular quarterly dividends have been paid on the first business day of January, April, July and October.

As of March 12, 1999, there were 34,303 stockholders of record of Viad's common stock.

**ITEM 6. SELECTED FINANCIAL DATA.**

Applicable information is included in Exhibit 13.

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION.**

Applicable information is included in Exhibit 13.

**ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

See Management's Discussion and Analysis of Results of Operations and Financial Condition included in Exhibit 13.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.**

1. Financial Statements--See Item 14 hereof.
2. Supplementary Data--See Condensed Consolidated Quarterly Results in Exhibit 13.

**ITEM 9. DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.**

None.

### **PART III**

#### **ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.**

The information regarding Directors of the Registrant is included in Viad's Proxy Statement for Annual Meeting of Stockholders to be held on May 11, 1999 ("Proxy Statement") and is incorporated herein and made a part hereof. The information regarding executive officers of the Registrant is found as an Optional Item in Part I hereof.

#### **ITEM 11. EXECUTIVE COMPENSATION.**

The information is contained in the Proxy Statement and is incorporated herein and made a part hereof.

#### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.**

The information is contained in the Proxy Statement and is incorporated herein and made a part hereof.

#### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.**

None.

### **PART IV**

#### **ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.**

(a) The following documents are filed as a part of the report:

##### **FINANCIAL STATEMENTS.**

The following are included in Exhibit 13: Independent Auditors' Report and Consolidated Financial Statements (Balance Sheet, Statements of Income, Comprehensive Income, Common Stock and Other Equity, Cash Flows, and Notes to Financial Statements).

## EXHIBITS. #

- 3.A Copy of Restated Certificate of Incorporation of Viad Corp, as amended through August 15, 1996, filed as Exhibit 3.A to Viad's 1996 Form 10-K, is hereby incorporated by reference.
- 3.B Copy of Bylaws of Viad Corp, as amended through November 19, 1998.
- 4.A Instruments with respect to issues of long-term debt have not been filed as exhibits to this Annual Report on Form 10-K if the authorized principal amount of any one of such issues does not exceed 10% of total assets of the Corporation and its subsidiaries on a consolidated basis. The Corporation agrees to furnish a copy of each such instrument to the Securities and Exchange Commission upon request.
- 4.B Copy of Amended and Restated Credit Agreement dated as of July 24, 1996, among Viad, the Bank parties thereto, Citicorp USA, Inc., as Administrative Agent, and Bank of America National Trust and Savings Association as Documentation Agent, filed as Exhibit 4.B to Viad's 1996 Form 10-K, is hereby incorporated by reference.
- 4.B1 First Amendment dated as of August 1, 1997, to Amended and Restated Credit Agreement, filed as Exhibit 4.B1 to Viad's 1997 Form 10-K, is hereby incorporated by reference.
- 4.B2 Second Amendment dated as of September 11, 1997, to Amended and Restated Credit Agreement, filed as Exhibit 4.B2 to Viad's 1997 Form 10-K, is hereby incorporated by reference.

- 10.A1 Copy of Viad Corp 1983 Stock Option and Incentive Plan, filed as Exhibit (28) to Viad's Registration Statement on Form S-8 (Registration No. 33-41870), is hereby incorporated by reference.+
- 10.A2 Copy of amendment, effective August 1, 1994, to Viad Corp 1983 Stock Option and Incentive Plan, filed as Exhibit 10.H2 to Viad's 1994 Form 10-K, is hereby incorporated by reference.+
- 10.B1 Copy of Viad Corp 1992 Stock Incentive Plan as amended August 15, 1996, filed as Exhibit 4.3 to Viad's Form S-8 Registration Statement (#333-63397), is hereby incorporated by reference.+
- 10.B2 Copy of amendment, effective August 1, 1994, to Viad Corp 1992 Stock Incentive Plan, filed as Exhibit 10.I2 to Viad's 1994 Form 10-K, is hereby incorporated by reference.+
- 10.C Copy of 1997 Viad Corp Omnibus Incentive Plan, as amended through February 18, 1999.+
- 10.D Copy of Viad Corp Management Incentive Plan (pursuant to the Viad 1997 Omnibus Incentive Plan), as amended March 23, 1999.\*+
- 10.E Copy of Viad Corp Performance Unit Incentive Plan, as amended through March 23, 1999.\*+
- 10.F Copy of Viad Corp Performance-Based Stock Plan, as amended and restated effective May 1998, filed as Exhibit 10D to Viad's Second Quarter 1998 Form 10Q, is hereby incorporated by reference.+

- 10.G Copy of form of Viad Corp 1983 Stock Option and Incentive Plan Amended and Restated Restricted Stock Agreements dated August 12, 1994, between Viad and certain executive officers, filed as Exhibit 10.R to Viad's 1994 Form 10-K, is hereby incorporated by reference.+
- 10.H Copy of form of Viad Corp 1992 Stock Incentive Plan Restricted Stock Agreements dated August 12, 1994, between Viad and certain executive officers, filed as Exhibit 10.S to Viad's 1994 Form 10-K, is hereby incorporated by reference.+
- 10.I Viad Corp Deferred Compensation Plan Amended and Restated as of August 21, 1997, filed as Exhibit 10.A to Viad's Third Quarter 1997 Form 10-Q, is hereby incorporated by reference.+
- 10.J1 Copy of form of Executive Severance Agreement between Viad Corp and Chairman, President and Chief Executive Officer, filed as Exhibit (10)(G)(i) to Viad's 1991 Form 10-K, is hereby incorporated by reference.+
- 10.J2 Copy of forms of Viad Corp Executive Severance Plans covering certain executive officers, filed as Exhibit (10)(G)(ii) to Viad's 1992 Form 10-K, is hereby incorporated by reference.+
- 10.K Description of Spousal Income Continuation Plan, filed as Exhibit 10(Q) to Viad's 1985 Form 10-K, is hereby incorporated by reference.+
- 10.L Copy of Employment Agreement between Viad Corp and Robert H. Bohannon dated April 1, 1998, filed as

Exhibit 10 to Viad's First Quarter 1998 Form 10-Q, is hereby incorporated by reference.+

- 10.M Copy of Employment Agreement between Viad Corp and Paul B. Mullen dated April 25, 1996, filed as Exhibit 10.0 to Viad's 1996 Form 10-K, is hereby incorporated by reference.+
- 10.N Copy of Consulting Agreement between Viad Corp and Richard C. Stephan dated December 4, 1998, and effective as of April 1, 1999.\*
- 10.O Copy of Viad Corp Supplemental TRIM Plan, filed as Exhibit 10.M to Viad's 1994 Form 10-K, is hereby incorporated by reference.+
- 10.P Copy of Viad Corp Supplemental Pension Plan (Amended and Restated as of September 30, 1997) (Previously Amended and Restated as of January 1, 1987) dated December 30, 1997 filed as Exhibit 10.Q to Viad's 1997 Form 10-K, is hereby incorporated by reference.+
- 10.Q Copy of Travelers Express Company, Inc. Supplemental Pension Plan dated December 30, 1997, filed as Exhibit 10.R to Viad's 1997 Form 10-K, is hereby incorporated by reference.+
- 10.R Copy of GES Exposition Services, Inc. Supplemental Executive Retirement Plan, as amended effective January 1, 1998, filed as Exhibit 10.S to Viad's 1997 Form 10-K, is hereby incorporated by reference.+
- 10.S Copy of Viad Corp Deferred Compensation Plan for Directors, as Amended and Restated July 25, 1996, filed

as Exhibit 10.D to Viad's 1996 Form 10-K, is hereby incorporated by reference.+

- 10.T Copy of Viad Corp Director's Charitable Award Program as amended through March 15, 1996, filed as Exhibit 10.T to Viad's 1995 Form 10-K, is hereby incorporated by reference.+
- 13 Financial Information set forth in Annual Report to Securityholders.\*
- 21 List of Subsidiaries of Viad.\*
- 23 Independent Auditors' Consent to the incorporation by reference into specified registration statements on Form S-3 or on Form S-8 of their report contained in this report.\*
- 24 Power of Attorney signed by Directors of Viad.\*
- 27 Financial Data Schedule.\*

\* Filed herewith.

+ Management contract or compensation plan or arrangement.

# Viad Corp was previously named The Dial Corp.

Note: The 1998 Annual Report to Securityholders will be furnished to the Commission when, or before, it is sent to securityholders.

(b) REPORTS ON FORM 8-K.

The Corporation filed no reports on Form 8-K during the last quarterly period covered by this report.

## SIGNATURES

Pursuant to the requirements of Section 13 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, in Phoenix, Arizona, on the 24th day of March, 1999.

### VIAD CORP

By: /s/ Robert H. Bohannon  
Chairman of the Board, President  
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

#### Principal Executive Officer

Date: March 24, 1999 By: /s/ Robert H. Bohannon  
Director; Chairman of the Board,  
President and Chief Executive  
Officer

#### Principal Financial Officer

Date: March 24, 1999 By: /s/ John A. Modzelewski  
Chief Financial Officer

#### Principal Accounting Officer

Date: March 24, 1999 By: /s/ Richard C. Stephan  
Vice President-Controller  
Directors

Jess Hay Judith K. Hofer Jack F. Reichert Linda Johnson Rice Douglas L. Rock John C. Tolleson Timothy R. Wallace

Date: March 24, 1999 By: /s/ Richard C. Stephan  
Attorney-in-Fact

**Exhibit 3.B**

**BYLAWS  
OF  
VIAD CORP**

**INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE  
AS AMENDED NOVEMBER 19, 1998**

**ARTICLE I**

**OFFICES AND RECORDS**

SECTION 1.1. DELAWARE OFFICE. The principal office of the Corporation in the State of Delaware shall be located in the City of Wilmington, County of New Castle, and the name and address of its registered agent is The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware.

SECTION 1.2. OTHER OFFICES. The Corporation may have such other offices, either within or without the State of Delaware, as the Board of Directors may designate or as the business of the Corporation may from time to time require.

SECTION 1.3. BOOKS AND RECORDS. The books and records of the Corporation may be kept at the Corporation's headquarters in Phoenix, Arizona or at such other locations as may from time to time be designated by the Board of Directors.

**ARTICLE II**

**STOCKHOLDERS**

SECTION 2.1. ANNUAL MEETING. The annual meeting of the stockholders of the Corporation shall be held on the second Tuesday in May of each year, if not a legal holiday, and if a legal holiday then on the next succeeding business day, at 9:00 a.m., local time, at the principal executive offices of the Corporation, or at such other date, place and/or time as may be fixed by resolution of the Board of Directors.

SECTION 2.2. SPECIAL MEETING. Subject to the rights of the holders of the Series \$4.75 Preferred Stock, without par value but with a stated value of \$100 per share (the "\$4.75 Preferred Stock"), any series of preferred stock, par value \$.01 per share (the "Preferred Stock"), or any other series or class of stock as set forth in the Certificate of Incorporation of the Corporation to elect additional directors under

specified circumstances, special meetings of the stockholders may be called only by the Chairman of the Board or by the Board of Directors pursuant to a resolution adopted by a majority of the total number of directors which the Corporation would have if there were no vacancies (the "Whole Board").

**SECTION 2.3. PLACE OF MEETING.** The Board of Directors may designate the place of meeting for any meeting of the stockholders. If no designation is made by the Board of Directors, the place of meeting shall be the principal office of the Corporation.

**SECTION 2.4. NOTICE OF MEETING.** Written or printed notice, stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be prepared and delivered by the Corporation not less than ten days nor more than sixty days before the date of the meeting, either personally, or by mail, to each stockholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail with postage thereon prepaid, addressed to the stockholder at his address as it appears on the stock transfer books of the Corporation. Such further notice shall be given as may be required by law. Meetings may be held without notice if all stockholders entitled to vote are present, or if notice is waived by those not present. Any previously scheduled meeting of the stockholders may be postponed by resolution of the Board of Directors upon public notice given prior to the time previously scheduled for such meeting of stockholders.

**SECTION 2.5. QUORUM AND ADJOURNMENT.** Except as otherwise provided by law or by the Certificate of Incorporation, the holders of a majority of the voting power of the outstanding shares of the Corporation entitled to vote generally in the election of directors (the "Voting Stock"), represented in person or by proxy, shall constitute a quorum at a meeting of stockholders, except that when specified business is to be voted on by a class or series voting as a class, the holders of a majority of the shares of such class or series shall constitute a quorum for the transaction of such business. The chairman of the meeting or a majority of the voting power of the shares of Voting Stock so represented may adjourn the meeting from time to time, whether or not there is such a quorum (or in the case of specified business to be voted on a class or series, the chairman or a majority of the shares of such class or series so represented may adjourn the meeting with respect to such specified business). No notice of the time and place of adjourned meetings need be given except as required by law. The stockholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

SECTION 2.6. PROXIES. At all meetings of stockholders, a stockholder may vote by proxy executed in writing by the stockholder or as otherwise permitted by law, or by his duly authorized attorney-in-fact. Such proxy must be filed with the Secretary of the Corporation or his representative at or before the time of the meeting.

SECTION 2.7. NOTICE OF STOCKHOLDER BUSINESS AND NOMINATIONS.

(A) ANNUAL MEETINGS OF STOCKHOLDERS. (1) Nominations of persons for election to the Board of Directors of the Corporation and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders (a) pursuant to the Corporation's notice of meeting delivered pursuant to Section 2.4 of these Bylaws, (b) by or at the direction of the Chairman or the Board of Directors or (c) by any stockholder of the Corporation who is entitled to vote at the meeting, who complied with the notice procedures set forth in clauses (2) and (3) of this paragraph (A) and this Bylaw and who was a stockholder of record at the time such notice is delivered to the Secretary of the Corporation.

(2) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of paragraph (A) (1) of this Bylaw, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not less than ninety days nor more than one hundred twenty days prior to the first anniversary of the preceding year's annual meeting; PROVIDED, HOWEVER, that in the event that the date of the annual meeting is advanced by more than thirty days, or delayed by more than sixty days, from such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the one hundred twentieth day prior to such annual meeting and not later than the close of business on the later of the ninetieth day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made. Such stockholder's notice shall set forth (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected; (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner and (ii) the class and number

of shares of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner.

(3) Notwithstanding anything in the second sentence of paragraph (A)

(2) of this Bylaw to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least eighty days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Bylaw shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth day following the day on which such public announcement is first made by the Corporation.

(B) SPECIAL MEETINGS OF STOCKHOLDERS. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting pursuant to Section 2.4 of these Bylaws. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting

(a) by or at the direction of the Board of Directors or (b) by any stockholder of the Corporation who is entitled to vote at the meeting, who complies with the notice procedures set forth in this Bylaw and who is a stockholder of record at the time such notice is delivered to the Secretary of the Corporation. Nominations by stockholders of persons for election to the Board of Directors may be made at such a special meeting of stockholders if the stockholder's notice as required by paragraph (A) (2) of this Bylaw shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the one hundred twentieth day prior to such special meeting and not later than the close of business on the later of the ninetieth day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting.

(C) GENERAL. (1) Only persons who are nominated in accordance with the procedures set forth in this Bylaw shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Bylaw. Except as otherwise provided by law, the Restated Certificate of Incorporation or these Bylaws, the chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the procedures set forth in this Bylaw and, if any proposed nomination or business is not in compliance with this Bylaw, to declare that such defective proposal or nomination shall be disregarded.

(2) For purposes of this Bylaw, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13,14 or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this Bylaw, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Bylaw. Nothing in this Bylaw shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

**SECTION 2.8. PROCEDURE FOR ELECTION OF DIRECTORS.** Election of directors at all meetings of the stockholders at which directors are to be elected shall be by written ballot, and, except as otherwise set forth in the Certificate of Incorporation with respect to the right of the holders of the \$4.75 Preferred Stock, any series of Preferred Stock or any other series or class of stock to elect additional directors under specified circumstances, a plurality of the votes cast thereat shall elect. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, all matters other than the election of directors submitted to the stockholders at any meeting shall be decided by a majority of the votes cast with respect thereto.

**SECTION 2.9. INSPECTORS OF ELECTIONS; OPENING AND CLOSING THE POLLS.**

(A) The Board of Directors by resolution shall appoint one or more inspectors, which inspector or inspectors may include individuals who serve the Corporation in other capacities, including, without limitation, as officers, employees, agents or representatives of the Corporation, to act at the meeting and make a written report thereof. One or more persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed to act, or if all inspectors or alternates who have been appointed are unable to act, at a meeting of stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall have the duties prescribed by the General Corporation Law of the State of Delaware.

(B) The chairman of the meeting shall fix and announce at the meeting the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting.

**SECTION 2.10. NO STOCKHOLDER ACTION BY WRITTEN CONSENT.** Subject to the rights of the holders of the \$4.75 Preferred Stock, any series of Preferred Stock or any other series or class of stock as set forth in the Certificate of Incorporation to elect additional directors under specific circumstances, any action required or permitted to be taken by the stockholders of the Corporation must be effected at an annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders.

### **ARTICLE III**

#### **BOARD OF DIRECTORS**

**SECTION 3.1. GENERAL POWERS.** The business and affairs of the Corporation shall be managed by or under the direction of its Board of Directors. In addition to the powers and authorities by these Bylaws expressly conferred upon them, the Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law or by the Certificate of Incorporation or by these Bylaws required to be exercised or done by the stockholders.

**SECTION 3.2. NUMBER, TENURE AND QUALIFICATIONS.** Subject to the rights of the holders of the \$4.75 Preferred Stock, any series of Preferred Stock, or any other series or class of stock as set forth in the Certificate of Incorporation, to elect directors under specified circumstances, the number of directors shall be fixed from time to time exclusively pursuant to a resolution adopted by a majority of the Whole Board, but shall consist of not more than seventeen nor less than three directors. The directors, other than those who may be elected by the holders of the \$4.75 Preferred Stock, any series of Preferred Stock, or any other series or class of stock as set forth in the Certificate of Incorporation, shall be divided, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as possible, with the term of office of the first class to expire at the 1992 annual meeting of stockholders, the term of office of the second class to expire at the 1993 annual meeting of stockholders and the term of office of the third class to expire at the 1994 annual meeting of stockholders. Each director shall hold office until his or her successor shall have been duly elected and qualified. At each annual meeting of stockholders, commencing with the 1992 annual meeting, (i) directors elected to succeed those directors whose terms then expire shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders after their election, with each director to hold office until his or her successor shall have been duly elected and qualified, and (ii) if authorized by a resolution of the Board of Directors, directors may be elected to fill any vacancy on the Board of Directors, regardless of how such vacancy shall have been created.

Notwithstanding the foregoing, no outside director shall be nominated by the Board of Directors for election as a director for another term of office unless such term of office shall begin before he attains age 72, provided, however, that any outside director who had attained age 65 on May 10, 1983 may be nominated by the Board of Directors for election as a director for another term of office unless such term of office shall begin before he attains age 72; and no inside director's term of office shall continue after he attains age 65 or after the termination of his services as an officer or employee of the Corporation, unless such continuance is approved by a majority of the outside directors on the Board of Directors at the time the disqualifying event occurs and each time thereafter that such inside director is nominated for reelection. The term "outside director" means any person who has never served as an officer or employee of the Corporation or an affiliate and the term "inside director" means any director who is not an "outside director." Any person who is ineligible for re-election as a director under this paragraph may, by a majority vote of the Board of Directors, be designated as a "Director Emeritus" and as such shall be entitled to receive notice of, and to attend meetings of, the Board of Directors, but shall not vote at such meetings.

**SECTION 3.3. REGULAR MEETINGS.** A regular meeting of the Board of Directors shall be held without other notice than this Bylaw immediately after, and at the same place as, each annual meeting of stockholders. The Board of Directors may, by resolution, provide the time and place for the holding of additional regular meetings without other notice than such resolution.

**SECTION 3.4. SPECIAL MEETINGS.** Special meetings of the Board of Directors shall be called at the request of the Chairman of the Board, the President or a majority of the Board of Directors. The person or persons authorized to call special meetings of the Board of Directors may fix the place and time of the meetings.

**SECTION 3.5. NOTICE.** Notice of any special meeting shall be given to each director at his business or residence in writing or by telegram or by telephone communication. If mailed, such notice shall be deemed adequately delivered when deposited in the United States mails so addressed, with postage thereon prepaid, at least five days before such meeting. If by telegram, such notice shall be deemed adequately delivered when the telegram is delivered to the telegraph company at least twenty-four hours before such meeting. If by facsimile transmission, such notice shall be transmitted at least twenty-hours before such meeting. If by telephone, the notice shall be given at least twelve hours prior to the time set for the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice of such meeting, except for amendments to these Bylaws as provided under Section 7.1 of Article VII hereof. A meeting may be held at any time without notice if all the directors are present or if those not present waive notice of the meeting in writing, either before or after such meeting.

**SECTION 3.6. QUORUM.** A whole number of directors equal to at least a majority of the Whole Board shall constitute a quorum for the transaction of business, but if at any meeting of the Board of Directors there shall be less than a quorum present, a majority of the directors present may adjourn the meeting from time to time without further notice. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. The directors present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum.

**SECTION 3.7. VACANCIES.** Subject to the rights of the holders of the \$4.75 Preferred Stock, any series of Preferred Stock or any other series or class of stock, as set forth in the Certificate of Incorporation, to elect additional directors under specified circumstances, and unless the Board of Directors otherwise determines, vacancies resulting from death, resignation, retirement, disqualification, removal from office or other cause, and newly created directorships resulting from any increase in the authorized number of directors, may be filled only by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board of Directors, and directors so chosen shall hold office for a term expiring at the annual meeting of stockholders at which the term of office of the class to which they have been elected expires and until such director's successor shall have been duly elected and qualified. No decrease in the number of authorized directors constituting the Whole Board shall shorten the term of any incumbent director.

**SECTION 3.8. EXECUTIVE COMMITTEE.** The Board of Directors, immediately following each annual meeting of stockholders or a special meeting of the same held in lieu of the annual meeting for the election of directors, shall meet and shall appoint from its number an Executive Committee of such number of members as from time to time may be selected by the Board, to serve until the next annual or special meeting at which a majority of directors is elected or until the respective successor of each is duly appointed. The Executive Committee shall possess and may exercise all the powers and authority of the Board of Directors in the management and direction of the business and affairs of the Corporation, except as limited by law and except for the power to change the membership or to fill vacancies in the Board or said Committee. The Board shall have the power at any time to change the membership of said Committee, to fill vacancies in it or to make rules for the conduct of its business.

**SECTION 3.9. REMOVAL.** Subject to the rights of the holders of the \$4.75 Preferred Stock, any series of Preferred Stock or any other series or class of stock, as set forth in the Certificate of Incorporation, to elect additional directors under specified circumstances, any director, or the entire Board of Directors, may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least 80 percent of the voting power of the then outstanding Voting Stock, voting together as a single class.

## **ARTICLE IV**

### **OFFICERS**

Section 4.1. **ELECTED OFFICERS.** The elected officers of the Corporation shall be a Chairman of the Board, a President, a Secretary, a Treasurer, and such other officers as the Board of Directors from time to time may deem proper. The Chairman of the Board shall be chosen from the directors. All officers chosen by the Board of Directors shall each have such powers and duties as generally pertain to their respective offices, subject to the specific provisions of this Article IV. Such officers shall also have such powers and duties as from time to time may be conferred by the Board of Directors or by any committee thereof.

SECTION 4.2. **ELECTION AND TERM OF OFFICE.** The elected officers of the Corporation shall be elected annually by the Board of Directors at the regular meeting of the Board of Directors held after each annual meeting of the stockholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as convenient. Subject to Section 4.7 of these Bylaws, each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign.

SECTION 4.3. **CHAIRMAN OF THE BOARD.** The Chairman of the Board shall preside at all meetings of the stockholders and of the Board of Directors. The Chairman of the Board shall be responsible for the general management of the affairs of the Corporation and shall perform all duties incidental to his office which may be required by law and all such other duties as are properly required of him by the Board of Directors. Except where by law the signature of the President is required, the Chairman of the Board shall possess the same power as the President to sign all certificates, contracts, and other instruments of the Corporation which may be authorized by the Board of Directors. He shall make reports to the Board of Directors and the stockholders, and shall perform all such other duties as are properly required of him by the Board of Directors. He shall see that all orders and resolutions of the Board of Directors and of any committee thereof are carried into effect.

SECTION 4.4. **PRESIDENT.** The President shall act in a general executive capacity and shall assist the Chairman of the Board in the administration and operation of the Corporation's business and general supervision of its policies and affairs. The President shall, in the absence of or because of the inability to act of the Chairman of the Board, perform all duties of the Chairman of the Board and preside at all meetings of stockholders and of the Board of Directors. The President may sign, alone or with the Secretary, or an Assistant Secretary, or any other proper officer of the Corporation authorized by the Board of Directors, certificates, contracts, and other instruments of the Corporation as authorized by the Board of Directors.

SECTION 4.5. SECRETARY. The Secretary shall give, or cause to be given, notice of all meetings of stockholders and Directors and all other notices required by law or by these Bylaws, and in case of his absence or refusal or neglect so to do, any such notice may be given by any person thereunto directed by the Chairman of the Board or the President, or by the Board of Directors, upon whose request the meeting is called as provided in these Bylaws. He shall record all the proceedings of the meetings of the Board of Directors, any committees thereof and the stockholders of the Corporation in a book to be kept for that purpose, and shall perform such other duties as may be assigned to him by the Board of Directors, the Chairman of the Board or the President. He shall have the custody of the seal of the Corporation and may affix the same to all instruments requiring it, and attest to the same.

SECTION 4.6. TREASURER. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate account of receipts and disbursements in books belonging to the Corporation. The Treasurer shall deposit all moneys and other valuables in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, the Chairman of the Board, or the President, taking proper vouchers for such disbursements. The Treasurer shall render to the Chairman of the Board, the President and the Board of Directors, whenever requested, an account of all his transactions as Treasurer and of the financial condition of the Corporation. If required by the Board of Directors, the Treasurer shall give the Corporation a bond for the faithful discharge of his duties in such amount and with such surety as the Board of Directors shall prescribe.

SECTION 4.7. REMOVAL. Any officer elected by the Board of Directors may be removed by a majority of the members of the Whole Board whenever, in their judgment, the best interests of the Corporation would be served thereby. No elected officer shall have any contractual rights against the Corporation for compensation by virtue of such election beyond the date of the election of his successor, his death, his resignation or his removal, whichever event shall first occur, except as otherwise provided in an employment contract or an employee plan.

SECTION 4.8. VACANCIES. A newly created office and a vacancy in any office because of death, resignation, or removal may be filled by the Board of Directors for the unexpired portion of the term at any meeting of the Board of Directors.

## ARTICLE V

### STOCK CERTIFICATES AND TRANSFERS

#### SECTION 5.1. STOCK CERTIFICATES AND TRANSFERS

(A) The interest of each stockholder of the Corporation shall be evidenced by certificates for shares of stock in such form as the appropriate officers of the Corporation may from time to time prescribe, provided, that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of the stock of the Corporation shall be uncertificated shares. Notwithstanding the adoption of such a resolution by the Board of Directors, every holder of uncertificated shares shall be entitled to have a certificate signed by, or in the name of the corporation by the Chairman or Vice-Chairman of the Board of Directors, or the President or Vice-President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation representing the number of shares registered in certificate form. Except as otherwise expressly provided by law, the rights and obligations of the holders of uncertificated stock and the rights and obligations of the holders of certificates representing stock of the same class and series shall be identical.

(B) The certificates of stock shall be signed, countersigned and registered in such manner as the Board of Directors may by resolution prescribe, which resolution may permit all or any of the signatures on such certificates to be in facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

(C) The shares of the stock of the Corporation represented by certificates shall be transferred on the books of the Corporation by the holder thereof in person or by his attorney, upon surrender for cancellation of certificates for the same number of shares, with an assignment and power of transfer endorsed thereon or attached thereto, duly executed, with such proof of the authenticity of the signature as the corporation or its agents may reasonably require. Upon receipt of proper transfer instructions from the registered owner of uncertificated shares such uncertificated shares shall be canceled and issuance of new equivalent uncertificated shares or certificated shares shall be made to the person entitled thereto and the transaction shall be recorded upon the books of the Corporation. Within a reasonable time after the issuance or transfer of uncertificated stock, the corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to the Delaware General Corporation Law or, unless otherwise provided by the Delaware General Corporation Law, a statement that the Corporation will furnish without

charge to each stockholder who so requests the powers, designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

**SECTION 5.2. LOST, STOLEN, OR DESTROYED CERTIFICATES.** No Certificate for shares or uncertificated shares of stock in the Corporation shall be issued in place of any certificate alleged to have been lost, destroyed or stolen, except on production of such evidence of such loss, destruction or theft and on delivery to the Corporation of a bond of indemnity in such amount, upon such terms and secured by such surety, as the Board of Directors or any financial officer may in its or his discretion require.

## **ARTICLE VI**

### **MISCELLANEOUS PROVISIONS**

**SECTION 6.1. FISCAL YEAR.** The fiscal year of the Corporation shall begin on the first day of January and end on the thirty-first day of December of each year.

**SECTION 6.2. DIVIDENDS.** The Board of Directors may from time to time declare, and the Corporation may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and its Restated Certificate of Incorporation.

**SECTION 6.3. SEAL.** The corporate seal shall be in circular form and shall have inscribed thereon the name of the Corporation and the words "Corporate Seal--Delaware."

**SECTION 6.4. WAIVER OF NOTICE.** Whenever any notice is required to be given to any stockholder or director of the Corporation under the provisions of the General Corporation Law of the State of Delaware, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at, nor the purpose of, any annual or special meeting of the stockholders of the Board of Directors need be specified in any waiver of notice of such meeting.

**SECTION 6.5. AUDITS.** The accounts, books and records of the Corporation shall be audited upon the conclusion of each fiscal year by an independent certified public accountant selected by the Board of Directors, and it shall be the duty of the Board of Directors to cause such audit to be made annually.

**SECTION 6.6. RESIGNATIONS.** Any director or any officer, whether elected or appointed, may resign at any time by serving written notice of such resignation on the Chairman of the Board, the President or the Secretary, and such resignation shall be deemed to be effective as of the close of business on the date said notice is received by the Chairman of the Board, the President, or the Secretary or at such later date as is stated therein. No formal action shall be required of the Board of Directors or the stockholders to make any such resignation effective.

**SECTION 6.7. INDEMNIFICATION AND INSURANCE.** (A) Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit, or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she or a person of whom he or she is the legal representative is or was a director, officer or employee of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of any other corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including, without limitation, attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; PROVIDED, HOWEVER, that except as provided in paragraph (B) of this Bylaw with respect to proceedings seeking to enforce rights to indemnification, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

(B) If a claim under paragraph (A) of this Bylaw is not paid in full by the Corporation within thirty days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible under the General Corporation Law of the State of

Delaware for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel or stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the General Corporation Law of the State of Delaware, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel or stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(C) Following any "change in control" of the Corporation of the type required to be reported under Item 1 of Form 8-K promulgated under the Exchange Act, any determination as to entitlement to indemnification shall be made by independent legal counsel selected by the claimant, which independent legal counsel shall be retained by the Board of Directors on behalf of the Corporation.

(D) The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Bylaw shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

(E) The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law of the State of Delaware.

(F) The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification, and rights to be paid by the Corporation the expenses incurred in defending any proceeding in advance of its final disposition, to any agent of the Corporation to the fullest extent of the provisions of this Bylaw with respect to the indemnification and advancement of expenses of directors, officers and employees of the Corporation.

(G) The right to indemnification conferred in this Bylaw shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition; PROVIDED, HOWEVER, that if the General Corporation Law of the State of Delaware requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an

employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of an undertaking by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Bylaw or otherwise.

(H) Any amendment or repeal of this Article VI shall not adversely affect any right or protection existing hereunder in respect of any act or omission occurring prior to such amendment or repeal.

SECTION 6.8. ELECTION NOT TO BE SUBJECT TO ARIZONA CONTROL SHARE ACQUISITIONS STATUTE. The Corporation elects not to be subject to Title 10, Chapter 23, Article 2 of the Arizona Revised Statutes, relating to "Control Share Acquisitions."

## **ARTICLE VII**

### **AMENDMENTS**

SECTION 7.1. AMENDMENTS. These Bylaws may be amended, added to, rescinded or repealed at any meeting of the Board of Directors or of the stockholders, provided notice of the proposed change was given in the notice of the meeting and, in the case of a meeting of the Board of Directors, in a notice given no less than twenty-four hours prior to the meeting; PROVIDED, HOWEVER, that, in the case of amendments by stockholders, notwithstanding any other provisions of these Bylaws or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of stock required by law, the Certificate of Incorporation or these Bylaws, the affirmative vote of the holders of at least 80 percent of the voting power of the then outstanding Voting Stock, voting together as a single class, shall be required to alter, amend or repeal any provision of these Bylaws.

**Exhibit 10.C**

**1997 VIAD CORP OMNIBUS INCENTIVE PLAN,  
AS AMENDED THROUGH FEBRUARY 18, 1999**

**SECTION 1. PURPOSE; DEFINITIONS.**

The purpose of the Plan is to give the Company a significant advantage in attracting, retaining and motivating officers, employees and directors and to provide the Company and its subsidiaries with the ability to provide incentives more directly linked to the profitability of the Company's businesses and increases in stockholder value. It is the current intent of the Committee that the Plan shall replace the 1992 Stock Incentive Plan for purposes of new Awards and that the Viad Corp Management Incentive Plan, the Viad Corp Performance Unit Incentive Plan, and the Viad Corp Performance-Based Stock Plan continue under the auspices of Sections 7 and 8 hereof subject to the discretion of the Committee under the terms and conditions of this Plan.

For purposes of the Plan, the following terms are defined as set forth below:

- (a) "AFFILIATE" means a corporation or other entity controlled by the Company and designated by the Committee as such.
- (b) "AWARD" means an award of Stock Appreciation Rights, Stock Options, Restricted Stock or Performance-Based Awards.
- (c) "AWARD CYCLE" will mean a period of consecutive fiscal years or portions thereof designated by the Committee over which Awards of Restricted Stock or Performance-Based Awards are to be earned.
- (d) "BOARD" means the Board of Directors of the Company.
- (e) "CAUSE" means (1) the conviction of a participant for committing a felony under federal law or the law of the state in which such action occurred, (2) dishonesty in the course of fulfilling a participant's employment duties or (3) willful and deliberate failure on the part of a participant to perform his employment duties in any material respect, or such other events as will be determined by the Committee. The Committee will have the sole discretion to determine whether "Cause" exists, and its determination will be final.
- (f) "CHANGE IN CONTROL" and "CHANGE IN CONTROL PRICE" have the meanings set forth in Sections 9(b) and (c), respectively.
- (g) "CODE" means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto.

- (h) "COMMISSION" means the Securities and Exchange Commission or any successor agency.
- (i) "COMMITTEE" means the Committee referred to in Section 2.
- (j) "COMMON STOCK" means common stock, par value \$1.50 per share, of the Company.
- (k) "COMPANY" means Viad Corp, a Delaware corporation.
- (l) "COMPANY UNIT" means any subsidiary, group of subsidiaries, line of business or division of the Company, as designated by the Committee.
- (m) "DISABILITY" means permanent and total disability as determined under procedures established by the Committee for purposes of the Plan.
- (n) "EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto.
- (o) "FAIR MARKET VALUE" means, as of any given date, the mean between the highest and lowest reported sales prices of the Stock on the New York Stock Exchange Composite Tape or, if not listed on such exchange, on any other national exchange on which the Stock is listed or on the Nasdaq Stock Market. If there is no regular public trading market for such Stock, the Fair Market Value of the Stock will be determined by the Committee in good faith. In connection with the administration of specific sections of the Plan, and in connection with the grant of particular Awards, the Committee may adopt alternative definitions of "Fair Market Value" as appropriate.
- (p) "INCENTIVE STOCK OPTION" means any Stock Option intended to be and designated as an "incentive stock option" within the meaning of Section 422 of the Code.
- (q) "MIP" means the Company's Management Incentive Plan providing annual cash bonus awards to participating employees based upon predetermined goals and objectives.
- (r) "NET INCOME" means the consolidated net income of the Company determined in accordance with GAAP before extraordinary, unusual and other non-recurring items.
- (s) "NON-EMPLOYEE DIRECTOR" means a member of the Board who qualifies as a "Non-Employee Director" as defined in Rule 16b-3(b)(3), as promulgated by the Commission under the Exchange Act, or any successor definition adopted by the Commission.
- (t) "NON-QUALIFIED STOCK OPTION" means any Stock Option that is not an Incentive Stock Option.

(u) "PERFORMANCE GOALS" means the performance goals established by the Committee in connection with the grant of Restricted Stock or Performance-Based Awards. In the case of Qualified Performance-Based Awards, such goals (1) will be based on the attainment of specified levels of one or more of the following measures with respect to the Company or any Company Unit, as applicable: sales or revenues, costs or expenses, net profit after tax, gross profit, operating profit, base earnings, return on actual or pro forma equity or net assets or capital, net capital employed, earnings per share, earnings per share from continuing operations, operating income, operating income margin, net income, stockholder return including performance (total stockholder return) relative to the S&P 500 or similar index or performance (total stockholder return) relative to the proxy comparator group, in both cases as determined pursuant to Rule 402(1) of Regulation S-K promulgated under the Exchange Act, cash generation, unit volume and change in working capital and (2) will be set by the Committee within the time period prescribed by Section 162(m) of the Code and related regulations.

(v) "PERFORMANCE-BASED AWARD" means an Award made pursuant to Section 8.

(w) "PERFORMANCE-BASED RESTRICTED STOCK AWARD" has the meaning set forth in Section 7(c)(1) hereof.

(x) "PLAN" means the 1997 Viad Corp Omnibus Incentive Plan, As Amended, as set forth herein and as hereafter amended from time to time.

(y) "PREFERRED STOCK" means preferred stock, par value \$0.01, of the Company.

(z) "QUALIFIED PERFORMANCE-BASED AWARDS" means an Award of Restricted Stock or a Performance-Based Award designated as such by the Committee at the time of grant, based upon a determination that (1) the recipient is or may be a "covered employee" within the meaning of Section 162(m)(3) of the Code in the year in which the Company would expect to be able to claim a tax deduction with respect to such Restricted Stock or Performance-Based Award and (2) the Committee wishes such Award to qualify for the exemption from the limitation on deductibility imposed by Section 162(m) of the Code that is set forth in Section 162(m)(4)(C).

(aa) "RESTRICTED STOCK" means an award granted under Section 7.

(bb) "RETIREMENT," except as otherwise determined by the Committee, means voluntary separation of employment, voluntary termination of employment or voluntary resignation from employment (a) at or after attaining age 55 on pension or vested to receive pension under a pension plan of the Corporation upon election, or (b) upon or after attaining age 55 and not less than five years' continuous service with the Corporation or an

affiliate of the Corporation, whether or not vested for pension. Retirement shall be deemed to occur at the close of business on the last day of the employee's participation on the payroll of the Corporation whether receiving compensation for active employment, accrued vacation, salary continuation (regular way or lump sum) or like employment programs.

(cc) "RULE 16b-3" means Rule 16b-3, as promulgated by the Commission under Section 16(b) of the Exchange Act, as amended from time to time.

(dd) "STOCK" means the Common Stock or Preferred Stock.

(ee) "STOCK APPRECIATION RIGHT" means a right granted under Section 6.

(ff) "STOCK OPTION" means an option granted under Section 5.

(gg) "TERMINATION OF EMPLOYMENT" means the termination of the participant's employment with the Company and any subsidiary or Affiliate. A participant employed by a subsidiary or an Affiliate will also be deemed to incur a Termination of Employment if the subsidiary or Affiliate ceases to be such a subsidiary or Affiliate, as the case may be, and the participant does not immediately thereafter become an employee of the Company or another subsidiary or Affiliate. Transfers among the Company and its subsidiaries and Affiliates, as well as temporary absences from employment because of illness, vacation or leave of absence, will not be considered a Termination of Employment.

In addition, certain other terms used herein have definitions given to them in the first place in which they are used.

## SECTION 2. ADMINISTRATION.

The Plan will be administered by the Human Resources Committee of the Board pursuant to authority delegated by the Board in accordance with the Company's By-Laws. If at any time there is no such Human Resources Committee or such Human Resources Committee shall fail to be composed of at least two directors each of whom is a Non-Employee Director and is an "outside director" under Section 162(m)(4) of the Code, the Plan will be administered by a Committee selected by the Board and composed of not less than two individuals, each of whom is such a Non-Employee Director and such an "outside director."

The Committee will have plenary authority to grant Awards pursuant to the terms of the Plan to officers, employees and directors of the Company and its subsidiaries and Affiliates, but the Committee may not grant MIP Awards larger than the limits provided in Section 3.

Among other things, the Committee will have the authority, subject to the terms of the Plan:

- (a) to select the officers, employees and directors to whom Awards may from time to time be granted;
- (b) to determine whether and to what extent Incentive Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights, Restricted Stock and Performance-Based Awards or any combination thereof are to be granted hereunder;
- (c) to determine the number of shares of Stock or the amount of cash to be covered by each Award granted hereunder;
- (d) to determine the terms and conditions of any Award granted hereunder (including, but not limited to, the option price (subject to Section 5(a)), any vesting condition, restriction or limitation (which may be related to the performance of the participant, the Company or any subsidiary, Affiliate or Company Unit) and any rule concerning vesting acceleration or waiver of forfeiture regarding any Award and any shares of Stock relating thereto, based on such factors as the Committee will determine) provided, however, that the Committee will have no power to accelerate the vesting, or waive the forfeiture, regarding any Award and any shares of Stock relating thereto, except in connection with a "change of control" of the Company, the sale of a subsidiary or majority-owned affiliate of the Company (and then only with respect to participants employed by each such subsidiary or affiliate), the death or disability of a participant or termination of employment of a participant, and, further provided, however, that the Committee will have no power to accelerate the vesting, or waive the forfeiture, of any Qualified Performance-Based Awards;
- (e) to modify, amend or adjust the terms and conditions, at any time or from time to time, of any Award, including but not limited to Performance Goals; provided, however, that the Committee may not adjust upwards the amount payable with respect to any Qualified Performance-Based Award or waive or alter the Performance Goals associated therewith and provided, further, however, that the Committee may not reprice Stock Options except for an amount of Stock Options representing not more than 10% of then outstanding Stock Options;
- (f) to determine to what extent and under what circumstances Stock and other amounts payable with respect to an Award will be deferred; and
- (g) to determine under what circumstances a Stock Option may be settled in cash or Stock under Section 5(j).

The Committee will have the authority to adopt, alter or repeal such administrative rules, guidelines and practices governing the Plan as it from time to time deems advisable, to interpret the terms and provisions of the Plan and any Award issued under the Plan (and any agreement relating thereto) and to otherwise supervise the administration of the Plan.

The Committee may act only by a majority of its members then in office, except that the members thereof may (1) delegate to designated officers or employees of the Company such of its powers and authorities under the Plan as it deems appropriate (provided that no such delegation may be made that would cause Awards or other transactions under the Plan to fail to be exempt from Section 16(b) of the Exchange Act or that would cause Qualified Performance-Based Awards to cease to so qualify) and (2) authorize any one or more members or any designated officer or employee of the Company to execute and deliver documents on behalf of the Committee.

Any determination made by the Committee or pursuant to delegated authority pursuant to the provisions of the Plan with respect to any Award will be made in the sole discretion of the Committee or such delegates at the time of the grant of the Award or, unless in contravention of any express term of the Plan, at any time thereafter. All decisions made by the Committee or any appropriately delegated officer(s) or employee(s) pursuant to the provision of the Plan will be final and binding on all persons, including the Company and Plan participants.

Notwithstanding anything to the contrary in the Plan, the Committee will have the authority to modify, amend or adjust the terms and conditions of any Award as appropriate in the event of or in connection with any reorganization, recapitalization, stock split, stock dividend, combination or exchange of shares, merger, consolidation or any change in the capital structure of the Company.

### SECTION 3. STOCK SUBJECT TO PLAN AND LIMITS ON AWARDS.

(a) Subject to adjustment as provided herein, the number of shares of Common Stock of the Company available for grant under the Plan in each calendar year (including partial calendar years) during which the Plan is in effect shall be equal to two percent (2.0%) of the total number of shares of Common Stock of the Company outstanding as of the first day of each such year for which the Plan is in effect; provided that any shares available for grant in a particular calendar year (or partial calendar year) which are not, in fact, granted in such year shall be added to the shares available for grant in any subsequent calendar year.

(b) Subject to adjustment as provided herein, the number of shares of Stock covered by Awards granted to any one participant will not exceed 750,000 shares for any consecutive three-year period and the aggregate dollar amount for Awards denominated solely in cash will not exceed \$7.5 million for any such period.

(c) In addition, and subject to adjustment as provided herein, no more than 7.5 million shares of Common Stock will be cumulatively available for the grant of Incentive Stock Options over the life of the Plan.

(d) Shares subject to an option or award under the Plan may be authorized and unissued shares or may be "treasury shares." In the event of any merger, reorganization, consolidation, recapitalization, spin-off, stock dividend, stock split, extraordinary distribution with respect to the Stock or other change in corporate structure affecting the Stock, such substitution or adjustments will be made in the aggregate number and kind of shares reserved for issuance under the Plan, in the aggregate limit on grants to individuals, in the number, kind, and option price of shares subject to outstanding Stock Options and Stock Appreciation Rights, in the number and kind of shares subject to other outstanding Awards granted under the Plan and/or such other equitable substitutions or adjustments as may be determined to be appropriate by the Committee or the Board, in its sole discretion; provided, however, that the number of shares subject to any Award will always be a whole number.

(e) Awards under the MIP may not exceed in the case of (i) the Company's Chief Executive Officer, one and one-half percent (1.5%) of net income as defined; (ii) a president of any of the Company's operating companies, whether or not incorporated, six-tenths of one percent (0.6%) of net income as defined; and (iii) all other executive officers of the Company individually, one-half of one percent (0.5%) of net income as defined.

#### SECTION 4. ELIGIBILITY.

Officers, employees and directors of the Company, its subsidiaries and Affiliates who are responsible for or contribute to the management, growth and profitability of the business of the Company, its subsidiaries and Affiliates are eligible to be granted Awards under the Plan.

#### SECTION 5. STOCK OPTIONS.

Stock Options may be granted alone or in addition to other Awards granted under the Plan and may be of two types: Incentive Stock Options and Non-Qualified Stock Options. Any Stock Option granted under the Plan will be in such form as the Committee may from time to time approve.

The Committee will have the authority to grant any optionee Incentive Stock Options, Non-Qualified Stock Options or both types of Stock Options (in each case with or without Stock Appreciation Rights). Incentive Stock Options may be granted only to employees of the Company and its subsidiaries (within the meaning of Section 424(f) of the Code). To the extent that any Stock Option is not designated as an Incentive Stock Option or even if so designated does not qualify as an Incentive Stock Option, it will be deemed to be a Non-Qualified Stock Option.

Stock Options will be evidenced by option agreements, the terms and provisions of which may differ. An option agreement will indicate on its face whether it is an agreement for an Incentive Stock Option or a Non-Qualified Stock Option. The grant of a Stock Option will occur on the date the Committee by

resolution selects an individual to be a participant in any grant of a Stock Option, determines the number of shares of Stock to be subject to such Stock Option to be granted to such individual and specifies the terms and provisions of the Stock Option. The Company will notify a participant of any grant of a Stock Option, and a written option agreement or agreements will be duly executed and delivered by the Company to the participant.

Anything in the Plan to the contrary notwithstanding, no term of the Plan relating to Incentive Stock Options will be interpreted, amended or altered nor will any discretion or authority granted under the Plan be exercised so as to disqualify the Plan under Section 422 of the Code or, without the consent of the optionee affected, to disqualify any Incentive Stock Option under such Section 422.

Stock Options granted under the Plan will be subject to the following terms and conditions and will contain such additional terms and conditions as the Committee will deem desirable:

(a) **OPTION PRICE.** The option price per share of Stock purchasable under a Stock Option will be determined by the Committee and set forth in the option agreement, and will not be less than the Fair Market Value of the Stock subject to the Stock Option on the date of grant.

(b) **OPTION TERM.** The term of each Stock Option will be fixed by the Committee, but no Incentive Stock Option may be exercisable more than 10 years after the date the Incentive Stock Option is granted.

(c) **EXERCISABILITY.** Except as otherwise provided herein, Stock Options will be exercisable at such time or times and subject to such terms and conditions as will be determined by the Committee. If the Committee provides that any Stock Option is exercisable only in installments, the Committee may, subject to the provisions of Section 2(d) hereof, at any time waive such installment exercise provisions, in whole or in part, based on such factors as the Committee may determine. In addition, the Committee may, subject to the provisions of Section 2(d) hereof, at any time accelerate the exercisability of any Stock Option.

(d) **METHOD OF EXERCISE.** Subject to the provisions of this Section 5, Stock Options may be exercised, in whole or in part, at any time during the option term by giving written notice of exercise to the Company specifying the number of shares of Stock subject to the Stock Option to be purchased.

Such notice must be accompanied by payment in full of the purchase price by certified or bank check or such other instrument as the Company may accept. An option agreement may provide that, if approved by the Committee, payment in full or in part or payment of tax liability, if any, relating to such exercise may also be made in the form of unrestricted Stock al-

ready owned by the optionee of the same class as the Stock subject to the Stock Option and, in the case of the exercise of a Non-Qualified Stock Option, Restricted Stock subject to an Award hereunder which is of the same class as the Stock subject to the Stock Option (in both cases based on the Fair Market Value of the Stock on the date the Stock Option is exercised); provided, however, that, in the case of an Incentive Stock Option, the right to make a payment in the form of already owned shares of Stock of the same class as the Stock subject to the Stock Option may be authorized only at the time the Stock Option is granted. In addition, an option agreement may provide that, in the discretion of the Committee, payment for any shares subject to a Stock Option or tax liability associated therewith may also be made by instruction to the Committee to withhold a number of such shares having a Fair Market Value on the date of exercise equal to the aggregate exercise price of such Stock Option.

If payment of the option exercise price of a Non-Qualified Stock Option is made in whole or in part in the form of Restricted Stock, the number of shares of Stock to be received upon such exercise equal to the number of shares of Restricted Stock used for payment of the option exercise price will be subject to the same forfeiture restrictions to which such Restricted Stock was subject, unless otherwise determined by the Committee.

No shares of Stock will be issued until full payment therefor has been made. Subject to any forfeiture restrictions that may apply if a Stock Option is exercised using Restricted Stock, an optionee will have all of the rights of a stockholder of the Company holding the class or series of Stock that is subject to such Stock Option (including, if applicable, the right to vote the shares and the right to receive dividends), when the optionee has given written notice of exercise, has paid in full for such shares and, if requested, has given the representation described in Section 12(a).

(e) NONTRANSFERABILITY OF STOCK OPTIONS. (1) No Stock Option will be transferable by the optionee other than (A) by will or by the laws of descent and distribution or (B) in the case of a Non-Qualified Stock Option, pursuant to a qualified domestic relations order (as defined in the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder). All Stock Options will be exercisable, during the optionee's lifetime, only by the optionee or by the guardian or legal representative of the optionee, it being understood that the terms "holder" and "optionee" include the guardian and legal representative of the optionee named in the option agreement and any person to whom a Stock Option is transferred by will or the laws of descent and distribution or pursuant to a qualified domestic relations order.

(2) Notwithstanding Section 5(e)(1) above, the Committee may grant Stock Options that are transferable, or amend

outstanding Stock Options to make them transferable, by the optionee (any such Stock Option so granted or amended a "Transferable Option") to one or more members of the optionee's immediate family, to partnerships of which the only partners are members of the optionee's immediate family, or to trusts established by the optionee for the benefit of one or more members of the optionee's immediate family. For this purpose the term "immediate family" means the optionee's spouse, children or grandchildren. Consideration may not be paid for the transfer of a Transferable Option. A transferee described in this Section 5(e)(2) shall be subject to all terms and conditions applicable to the Transferable Option prior to its transfer. The option agreement with respect to a Transferable Option shall set forth its transfer restrictions, such option agreement shall be approved by the Committee, and only Stock Options granted pursuant to a stock option agreement expressly permitting transfer pursuant to this Section 5(e)(2) shall be so transferable.

(f) **TERMINATION BY DEATH.** If an optionee's employment terminates by reason of death, any Stock Option held by such optionee may thereafter be exercised, to the extent then exercisable, or on such accelerated basis as the Committee may determine, for a period of one year (or such other period as the Committee may specify in the option agreement) from the date of such death or until the expiration of the stated term of such Stock Option, whichever period is the shorter.

(g) **TERMINATION BY REASON OF DISABILITY.** If an optionee's employment terminates by reason of Disability, any Stock Option held by such optionee may thereafter be exercised by the optionee, to the extent it was exercisable at the time of termination, or on such accelerated basis as the Committee may determine, for a period of three years (or such shorter period as the Committee may specify in the option agreement) from the date of such termination of employment or until the expiration of the stated term of such Stock Option, whichever period is the shorter; provided, however, that if the optionee dies within such three-year period (or such shorter period), any unexercised Stock Option held by such optionee will, notwithstanding the expiration of such three-year (or such shorter) period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of 12 months from the date of such death or until the expiration of the stated term of such Stock Option, whichever period is the shorter. In the event of termination of employment by reason of Disability, if an Incentive Stock Option is exercised after the expiration of the exercise periods that apply for purposes of Section 422 of the Code, such Stock Option will thereafter be treated as a Non-Qualified Stock Option.

(h) **TERMINATION BY REASON OF RETIREMENT.** If an optionee's employment terminates by reason of Retirement, any Stock Option held by such optionee may thereafter be exercised by the optionee, to the extent it was exercisable at the time of termination, or on such accelerated basis as the Committee may

determine, for a period of five years (or such shorter period as the Committee may specify in the option agreement) from the date of such termination of employment or until the expiration of the stated term of such Stock Option, whichever period is the shorter; provided, however, that if the optionee dies within such five-year period (or such shorter period), any unexercised Stock Option held by such optionee will, notwithstanding such five-year (or such shorter) period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of 12 months from the date of such death or until the expiration of the stated term of such Stock Option, whichever period is the shorter. In the event of termination of employment by reason of Retirement, if an Incentive Stock Option is exercised after the expiration of the exercise periods that apply for purposes of Section 422 of the Code, such Stock Option will thereafter be treated as a Non-Qualified Stock Option.

(i) OTHER TERMINATION. Unless otherwise determined by the Committee, if an optionee incurs a Termination of Employment for any reason other than death, Disability or Retirement or Cause, any Stock Option held by such optionee will thereupon terminate, except that such Stock Option, to the extent then exercisable, or subject to the provisions of Section 2(d) hereof, on such accelerated basis as the Committee may determine, may be exercised for the lesser of three months from the date of such Termination of Employment or the balance of such Stock Option's term; provided, however, that if the optionee dies within such three-month period, any unexercised Stock Option held by such optionee will, notwithstanding the expiration of such three-month period, continue to be exercisable to the extent to which it was exercisable at the time of death for a period of 12 months from the date of such death or until the expiration of the stated term of such Stock Option, whichever period is the shorter. In the event of Termination of Employment, if an Incentive Stock Option is exercised after the expiration of the exercise periods that apply for purposes of Section 422 of the Code, such Stock Option will thereafter be treated as a Non-Qualified Stock Option.

(j) CASHING OUT OF STOCK OPTION. On receipt of written notice of exercise, the Committee may elect to cash out all or part of the shares of Stock for which a Stock Option is being exercised by paying the optionee an amount, in cash or Stock, equal to the excess of the Fair Market Value of the Stock over the option price times the number of shares of Stock for which the Option is being exercised on the effective date of such cash-out.

(k) CHANGE IN CONTROL CASH-OUT. Subject to Section 12(h), but notwithstanding any other provision of the Plan, during the 60-day period from and after a Change in Control (the "Exercise Period"), unless the Committee determines otherwise at the time of grant, an optionee will have the right, whether or not the Stock Option is fully exercisable and in lieu of the payment of the exercise price for the shares of Stock being purchased under

the Stock Option and by giving notice to the Company, to elect (within the Exercise Period) to surrender all or part of the Stock Option to the Company and to receive cash, within 30 days of such notice, in an amount equal to the amount by which the Change in Control Price per share of Stock on the date of such election will exceed the exercise price per share of Stock under the Stock Option (the "Spread") multiplied by the number of shares of Stock granted under the Stock Option as to which the right granted under this Section 5(k) will have been exercised.

#### SECTION 6. STOCK APPRECIATION RIGHTS.

(a) GRANT AND EXERCISE. Stock Appreciation Rights may be granted in conjunction with all or part of any Stock Option granted under the Plan. In the case of a Non-Qualified Stock Option, such rights may be granted either at or after the time of grant of such Stock Option. In the case of an Incentive Stock Option, such rights may be granted only at the time of grant of such Stock Option. A Stock Appreciation Right will terminate and no longer be exercisable upon the termination or exercise of the related Stock Option.

A Stock Appreciation Right may be exercised by an optionee in accordance with Section 6(b) by surrendering the applicable portion of the related Stock Option in accordance with procedures established by the Committee. Upon such exercise and surrender, the optionee will be entitled to receive an amount determined in the manner prescribed in Section 6(b). Stock Options which have been so surrendered will no longer be exercisable to the extent the related Stock Appreciation Rights have been exercised.

(b) TERMS AND CONDITIONS. Stock Appreciation Rights will be subject to such terms and conditions as will be determined by the Committee, including the following:

(1) Stock Appreciation Rights will be exercisable only at such time or times and to the extent that the Stock Options to which they relate are exercisable in accordance with the provisions of Section 5 and this Section 6;

(2) Upon the exercise of a Stock Appreciation Right, an optionee will be entitled to receive an amount in cash, shares of Stock or both equal in value to the excess of the Fair Market Value of one share of Stock as of the date of exercise over the option price per share specified in the related Stock Option multiplied by the number of shares in respect of which the Stock Appreciation Right has been exercised, with the Committee having the right to determine the form of payment;

(3) Stock Appreciation Rights will be transferable only to permitted transferees of the underlying Stock Option in accordance with Section 5(e).

#### SECTION 7. RESTRICTED STOCK.

(a) ADMINISTRATION. Shares of Restricted Stock may be awarded either alone or in addition to other Awards granted under the Plan. The Committee will determine the individuals to whom and the time or times at which grants of Restricted Stock will be awarded, the number of shares to be awarded to any participant, the conditions for vesting, the time or times within which such Awards may be subject to forfeiture and any other terms and conditions of the Awards, in addition to those contained in Section 7(c).

(b) AWARDS AND CERTIFICATES. Shares of Restricted Stock will be evidenced in such manner as the Committee may deem appropriate, including book-entry registration or issuance of one or more stock certificates. Except as otherwise set forth in a Restricted Stock Agreement, any certificate issued in respect of shares of Restricted Stock will be registered in the name of such participant and will bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Award, substantially in the following form:

"The transferability of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) of the 1997 Incentive Plan and a Restricted Stock Agreement. Copies of such Plan and Agreement are on file at the offices of Viad Corp, Viad Tower, Phoenix, Arizona."

The Committee may require that the certificates evidencing such shares be held in custody by the Company until the restrictions thereon have lapsed and that, as a condition of any Award of Restricted Stock, the participant has delivered a stock power, endorsed in blank, relating to the Stock covered by such Award.

(c) TERMS AND CONDITIONS. Shares of Restricted Stock will be subject to the following terms and conditions:

(1) The Committee may, prior to or at the time of grant, designate an Award of Restricted Stock as a Qualified Performance-Based Award, in which event it will condition the grant or vesting, as applicable, of such Restricted Stock upon the attainment of Performance Goals. If the Committee does not designate an Award of Restricted Stock as a Qualified Performance-Based Award, it may also condition the grant or vesting thereof upon the attainment of Performance Goals or such other performance-based criteria as the Committee shall establish (such an Award, a "Performance-Based Restricted Stock Award"). Regardless of whether an Award of Restricted Stock is a Qualified Performance-Based Award or a Performance-Based Restricted Stock Award, the Committee may also condition the grant or vesting upon the continued service of the participant. The provisions of Restricted Stock Awards (including the conditions for grant or vesting and any applicable Performance Goals) need not be the same with respect to each recipient. The Committee may

at any time, in its sole discretion, subject to the provisions of Section

7(c)(10), accelerate or waive, in whole or in part, any of the foregoing restrictions; provided, however, that in the case of Restricted Stock that is a Qualified Performance-Based Award, the applicable Performance Goals have been satisfied.

(2) Subject to the provisions of the Plan and the Restricted Stock Agreement referred to in Section 7(c)(8), during the period set by the Committee, commencing with the date of such Award for which such participant's continued service is required (the "Restriction Period") and until the later of (A) the expiration of the Restriction Period and (B) the date the applicable Performance Goals (if any) are satisfied, the participant will not be permitted to sell, assign, transfer, pledge or otherwise encumber shares of Restricted Stock.

(3) Except as provided in this paragraph (3) and Sections 7(c)(1) and

(2) and the Restricted Stock Agreement, the participant will have, with respect to the shares of Restricted Stock, all of the rights of a stockholder of the Company holding the class or series of Stock that is the subject of the Restricted Stock, including, if applicable, the right to vote the shares and the right to receive any dividends. If so determined by the Committee in the applicable Restricted Stock Agreement and subject to Section 12(f) of the Plan, (A) dividends consisting of cash, stock or other property (other than Stock) on the class or series of Stock that is the subject of the Restricted Stock shall be automatically deferred and reinvested in additional Restricted Stock (in the case of stock or other property, based on the fair market value thereof, and the Fair Market Value of the Stock, in each case as of the record date for the dividend) held subject to the vesting of the underlying Restricted Stock, or held subject to meeting any Performance Goals applicable to the underlying Restricted Stock, and (B) dividends payable in Stock shall be paid in the form of Restricted Stock of the same class as the Stock with which such dividend was paid and shall be held subject to the vesting of the underlying Restricted Stock, or held subject to meeting any Performance Goals applicable to the underlying Restricted Stock.

(4) Except to the extent otherwise provided in the applicable Restricted Stock Agreement, Section 7(c)(1), 7(c)(2), 7(c)(5) or 9(a)(2), upon a participant's Termination of Employment for any reason during the Restriction Period or before any applicable Performance Goals are met, all shares still subject to restriction will be forfeited by the participant.

(5) Except to the extent otherwise provided in Section 9(a)(2) and Sections 7(c)(9) and (10), in the event that a

participant retires or such participant's employment is involuntarily terminated (other than for Cause), the Committee will have the discretion to waive in whole or in part any or all remaining restrictions (other than, in the case of Restricted Stock which is a Qualified Performance-Based Award, satisfaction of the applicable Performance Goals unless the participant's employment is terminated by reason of death or Disability) with respect to any or all of such participant's shares of Restricted Stock.

(6) Except as otherwise provided herein or as required by law, if and when any applicable Performance Goals are satisfied and the Restriction Period expires without a prior forfeiture of the Restricted Stock, unlegended certificates for such shares will be delivered to the participant upon surrender of legended certificates.

(7) Awards of Restricted Stock, the vesting of which is not conditioned upon the attainment of Performance Goals or other performance-based criteria, is limited to twenty percent (20%) of the number of shares of Common Stock of the Corporation available for grant under the Plan in each calendar year.

(8) Each Award will be confirmed by, and be subject to the terms of, a Restricted Stock Agreement.

(9) Performance-Based Restricted Stock will be subject to a minimum one-year performance period and Restricted Stock which is not performance-based will be subject to a minimum three-year vesting period.

(10) There will be no vesting acceleration, or waiver of forfeiture regarding any Award and any shares of Stock relating thereto, except in connection with a "change of control" of the Company, the sale of a subsidiary or majority-owned affiliate of the Company (and then only with respect to participants employed by each subsidiary or affiliate), the death or disability of a participant, or termination of employment of a participant.

#### SECTION 8. PERFORMANCE-BASED AWARDS.

(a) ADMINISTRATION. Performance-Based Awards may be awarded either alone or in addition to other Awards granted under the Plan. Subject to the terms and conditions of the Plan, the Committee shall determine the officers and employees to whom and the time or times at which Performance-Based Awards will be awarded, the number or amount of Performance-Based Awards to be awarded to any participant, whether such Performance-Based Award shall be denominated in a number of shares of Stock, an amount of cash, or some combination thereof, the duration of the Award Cycle and any other terms and conditions of the Award, in addition to those contained in Section 8(b).

(b) TERMS AND CONDITIONS. Performance-Based Awards will be subject to the following terms and conditions:

(1) The Committee may, prior to or at the time of the grant, designate Performance-Based Awards as Qualified Performance-Based Awards, in which event it will condition the settlement thereof upon the attainment of Performance Goals. If the Committee does not designate Performance-Based Awards as Qualified Performance-Based Awards, it may also condition the settlement thereof upon the attainment of Performance Goals or such other performance-based criteria as the Committee shall establish. Regardless of whether Performance-Based Awards are Qualified Performance-Based Awards, the Committee may also condition the settlement thereof upon the continued service of the participant. The provisions of such Performance-Based Awards (including without limitation any applicable Performance Goals) need not be the same with respect to each recipient. Subject to the provisions of the Plan and the Performance-Based Award Agreement referred to in Section 8(b)(5), Performance-Based Awards may not be sold, assigned, transferred, pledged or otherwise encumbered during the Award Cycle.

(2) Unless otherwise provided by the Committee (A) from time to time pursuant to the administration of particular Award programs under this Section 8, such as the Viad Corp Management Incentive Plan, the Viad Corp Performance Unit Incentive Plan or the Viad Corp Performance-Based Stock Plan or (B) in any agreement relating to an Award, and except as provided in Section 8(b)(3), upon a participant's Termination of Employment for any reason prior to the payment of an Award under this Section 8, all rights to receive cash or Stock in settlement of the Award shall be forfeited by the participant.

(3) In the event that a participant's employment is terminated (other than for Cause), or in the event a participant retires, the Committee shall have the discretion to waive, in whole or in part, any or all remaining payment limitations (other than, in the case of Awards that are Qualified Performance-Based Awards, satisfaction of the applicable Performance Goals unless the participant's employment is terminated by reason of death or Disability) with respect to any or all of such participant's Awards.

(4) At the expiration of the Award Cycle, the Committee will evaluate the Company's performance in light of any Performance Goals for such Award, and will determine the extent to which a Performance-Based Award granted to the participant has been earned, and the Committee will then cause to be delivered to the participant, as specified in the grant of such Award: (A) a number of shares of Stock equal to the number of shares determined by the Committee to have been earned or (B) cash equal to the amount determined

by the Committee to have been earned or (C) a combination of shares of Stock and cash if so specified in the Award.

(5) No Performance-Based Award may be assigned, transferred, or otherwise encumbered except, in the event of the death of a participant, by will or the laws of descent and distribution.

(6) Each Award will be confirmed by, and be subject to, the terms of a Performance-Based Award Agreement.

(7) Performance-Based Awards will be subject to a minimum one-year performance period.

#### SECTION 9. CHANGE IN CONTROL PROVISIONS.

(a) IMPACT OF EVENT. Notwithstanding any other provision of the Plan to the contrary, in the event of a Change in Control:

(1) Any Stock Options and Stock Appreciation Rights outstanding as of the date such Change in Control is determined to have occurred and not then exercisable and vested will become fully exercisable and vested to the full extent of the original grant;

(2) The restrictions and conditions to vesting applicable to any Restricted Stock will lapse, and such Restricted Stock will become free of all restrictions and become fully vested and transferable to the full extent of the original grant;

(3) Performance-Based Awards will be considered to be earned and payable to the extent, if any, and in an amount, if any, and otherwise, in accordance with the provisions of the agreement relating to such Awards.

(b) DEFINITION OF CHANGE IN CONTROL. For purposes of the Plan, a "Change in Control" will mean the happening of any of the following events:

(1) An acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of twenty percent (20%) or more of either (A) the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); excluding, however, the following: (i) any acquisition directly from the Company, other than an acquisition by virtue of the exercise of a conversion privilege unless the security being so converted was itself acquired directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust)

sponsored or maintained by the Company or any corporation controlled by the Company or (iv) any acquisition by any corporation pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (3) of this Section 9(b); or

(2) A change in the composition of the Board such that the individuals who, as of February 20, 1997, constitute the Board (such Board will be hereinafter referred to as the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, for purposes of this Section 9(b), that any individual who becomes a member of the Board subsequent to February 20, 1997, whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of those individuals who are members of the Board and who were also members of the Incumbent Board (or deemed to be such pursuant to this proviso) will be considered as though such individual were a member of the Incumbent Board; but, provided further, that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board will not be so considered as a member of the Incumbent Board; or

(3) The approval by the stockholders of the Company of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company ("Corporate Transaction") (or, if consummation of such Corporate Transaction is subject, at the time of such approval by stockholders, to the consent of any government or governmental agency, the earlier of the obtaining of such consent or the consummation of the Corporate Transaction); excluding, however, such a Corporate Transaction pursuant to which (A) all or substantially all of the individuals and entities who are the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Corporate Transaction will beneficially own, directly or indirectly, more than sixty percent (60%) of, respectively, the outstanding shares of common stock, and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Corporate Transaction (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Corporate Transaction, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (B) no Person (other than the Company, any employee benefit plan (or related trust) of the Company or such corporation resulting from such Corporate Transaction) will beneficially own, directly or indirectly, twenty percent (20%) or more of, respectively, the

outstanding shares of common stock of the corporation resulting from such Corporate Transaction or the combined voting power of the outstanding voting securities of such corporation entitled to vote generally in the election of directors except to the extent that such ownership existed prior to the Corporate Transaction and (C) individuals who were members of the Incumbent Board will constitute at least a majority of the members of the board of directors of the corporation resulting from such Corporate Transaction; or

(4) The approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

(c) CHANGE IN CONTROL PRICE. For purposes of the Plan, "Change in Control Price" means the higher of (1) the highest reported sales price, regular way, of a share of Stock in any transaction reported on the New York Stock Exchange Composite Tape or other national exchange on which such shares are listed or on The Nasdaq Stock Market during the 60-day period prior to and including the date of a Change in Control or (2) if the Change in Control is the result of a tender or exchange offer or a Corporate Transaction, the highest price per share of Stock paid in such tender or exchange offer or Corporate Transaction; provided, however, that in the case of Incentive Stock Options and Stock Appreciation Rights relating to Incentive Stock Options, the Change in Control Price will be in all cases the Fair Market Value of the Stock on the date such Incentive Stock Option or Stock Appreciation Right is exercised. To the extent that the consideration paid in any such transaction described above consists all or in part of securities or other non-cash consideration, the value of such securities or other non-cash consideration will be determined in the sole discretion of the Board.

#### SECTION 10. TERM, AMENDMENT AND TERMINATION.

The Plan will terminate May 31, 2007, but may be terminated sooner at any time by the Board, provided that no Incentive Stock Options shall be granted under the Plan after February 19, 2007. Awards outstanding as of the date of any such termination will not be affected or impaired by the termination of the Plan.

The Board may amend, alter, or discontinue the Plan, but no amendment, alteration or discontinuation will be made which would (a) impair the rights of an optionee under a Stock Option or a recipient of a Stock Appreciation Right, Restricted Stock Award or Performance-Based Award theretofore granted without the optionee's or recipient's consent, except such an amendment which is necessary to cause any Award or transaction under the Plan to qualify, or to continue to qualify, for the exemption provided by Rule 16b-3, or (b) disqualify any Award or transaction under the Plan from the exemption provided by Rule 16b-3. In addition, no such amendment may be made without the approval of the Company's stockholders to the extent such approval is required by law or agreement.

The Committee may amend the terms of any Stock Option or other Award theretofore granted, prospectively or retroactively, but no such amendment will (1) impair the rights of any holder without the holder's consent except such an amendment which is necessary to cause any Award or transaction under the Plan to qualify, or to continue to qualify, for the exemption provided by Rule 16b-3 or (2) amend any Qualified Performance-Based Award in such a way as to cause it to cease to qualify for the exemption set forth in Section 162(m)(4)(C). The Committee may also substitute new Stock Options for previously granted Stock Options, including previously granted Stock Options having higher option prices; provided, however, that the Committee may take such action only with respect to Stock Options representing not more than 10% of then outstanding Stock Options.

Subject to the above provisions, the Board will have authority to amend the Plan to take into account changes in law and tax and accounting rules, as well as other developments and to grant Awards which qualify for beneficial treatment under such rules without stockholder approval.

#### SECTION 11. UNFUNDED STATUS OF PLAN.

It is presently intended that the Plan constitute an "unfunded" plan for incentive and deferred compensation. The Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver Stock or make payments; provided, however, that, unless the Committee otherwise determines, the existence of such trusts or other arrangements is consistent with the "unfunded" status of the Plan.

#### SECTION 12. GENERAL PROVISIONS.

(a) The Committee may require each person purchasing or receiving shares pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring any shares without a view to the distribution thereof. The certificates for such shares may include any legend which the Committee deems appropriate to reflect any restrictions on transfer.

All certificates for shares of Stock or other securities delivered under the Plan will be subject to such stock transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Commission, any stock exchange upon which the Stock is then listed and any applicable federal or state securities law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

Notwithstanding any other provision of the Plan or agreements made pursuant thereto, the Company shall not be required to issue or deliver any certificate or certificates for shares of Stock under the Plan prior to fulfillment of all of the following conditions:

- (1) Listing or approval for listing upon notice of issuance, of such shares on the New York Stock Exchange, Inc., or such other securities exchange as may at the time be the principal market for the Stock;
  - (2) Any registration or other qualification of such shares of the Company under any state or federal law or regulation, or the maintaining in effect of any such registration or other qualification which the Committee shall, in its absolute discretion upon the advice of counsel, deem necessary or advisable; and
  - (3) Obtaining any other consent, approval, or permit from any state or federal governmental agency which the Committee shall, in its absolute discretion after receiving the advice of counsel, determine to be necessary or advisable.
- (b) Nothing contained in the Plan will prevent the Company or any subsidiary or Affiliate from adopting other or additional compensation arrangements for its employees.
- (c) The adoption of the Plan will not confer upon any employee any right to continued employment nor will it interfere in any way with the right of the Company or any subsidiary or Affiliate to terminate the employment of any employee at any time.
- (d) No later than the date as of which an amount first becomes includible in the gross income of the participant for Federal income tax purposes with respect to any Award under the Plan, the participant will pay to the Company, or make arrangements satisfactory to the Company regarding the payment of, any federal, state, local or foreign taxes of any kind required by law to be withheld with respect to such amount. Unless otherwise determined by the Company, withholding obligations may be settled with Stock, including Stock that is part of the Award that gives rise to the withholding requirement. The obligations of the Company under the Plan will be conditional on such payment or arrangements, and the Company and its Affiliates will, to the extent permitted by law, have the right to deduct any such taxes from any payment otherwise due to the participant. The Committee may establish such procedures as it deems appropriate, including the making of irrevocable elections, for the settlement of withholding obligations with Stock.
- (e) At the time of grant, the Committee may provide in connection with any grant made under the Plan that the shares of Stock received as a result of such grant will be subject to a right of first refusal pursuant to which the participant will be required to offer to the Company any shares that the participant wishes to sell at the then Fair Market Value of the Stock, subject to such other terms and conditions as the Committee may specify at the time of grant.

(f) The reinvestment of dividends in additional Restricted Stock at the time of any dividend payment will only be permissible if sufficient shares of Stock are available under Section 3 for such reinvestment (taking into account then outstanding Stock Options and other Awards).

(g) The Committee will establish such procedures as it deems appropriate for a participant to designate a beneficiary to whom any amounts payable in the event of the participant's death are to be paid or by whom any rights of the participant, after the participant's death, may be exercised.

(h) Notwithstanding any other provision of the Plan or any agreement relating to any Award hereunder, if any right granted pursuant to this Plan would make a Change in Control transaction ineligible for pooling-of-interests-accounting under APB No. 16 that, but for the nature of such grant, would otherwise be eligible for such accounting treatment, the Committee will have the ability, in its sole discretion, to substitute for the cash payable pursuant to such grant Common Stock with a Fair Market Value equal to the cash that would otherwise be payable hereunder.

(i) The Plan and all Awards made and actions taken thereunder will be governed by and construed in accordance with the laws of the State of Delaware.

#### SECTION 13. EFFECTIVE DATE OF PLAN.

The Plan will be effective on the later of (a) the time it is approved by the Board and (b) the time certain provisions of the Plan are approved by stockholders for tax purposes.

#### SECTION 14. DIRECTOR STOCK OPTIONS.

(a) Each director of the Company who is not otherwise an employee of the Company or any of its subsidiaries or Affiliates, will (1) on the date of his or her first election as a director of the Company (such initial grant being an "Initial Grant"), and (2) annually on the Monday preceding the second Tuesday of May, during such director's term (the "Annual Grant"), automatically be granted Non-Qualified Stock Options to purchase Common Stock having an exercise price per share of Common Stock equal to 100% of Fair Market Value per share of Common Stock at the date of grant of such Non-Qualified Stock Option. The number of shares subject to each such Initial Grant, and each such Annual Grant, will be equal to the annual retainer fee in effect at the date of grant for non-employee directors of the Company divided by an amount equal to one-third (1/3) of the Fair Market Value of the Common Stock at the date of grant, rounded to the nearest 100 shares. A non-employee director who is first elected as a director of the Company during the course of a year (i.e., on a date other than the date of the Annual Grant) will, in addition to the Initial Grant, receive upon election a grant of Non-Qualified Stock Options prorated to reflect the number of months served in the initial year of service, with the number of shares

of Common Stock subject to such Stock Option being equal to (1) the number of shares subject to the Initial Grant multiplied by (2) a fraction the numerator of which will be the number of months from the date of such election through the date of the next Annual Grant and the denominator of which will be twelve (12).

(b) An automatic director Stock Option will be granted hereunder only if as of each date of grant the director (1) is not otherwise an employee of the Company or any of its subsidiaries or Affiliates, (2) has not been an employee of the Company or any of its subsidiaries or Affiliates for any part of the preceding fiscal year, and (3) has served on the Board continuously since the commencement of his term.

(c) Except as expressly provided in this Section 14, any Stock Option granted hereunder will be subject to the terms and conditions of the Plan as if the grant were made pursuant to Section 5 hereof including, without limitation, the rights set forth in Section 5(j) hereof.

**Exhibit 10.D  
VIAD CORP**

**ANNUAL MANAGEMENT INCENTIVE PLAN**

**PURSUANT TO THE VIAD 1997 OMNIBUS INCENTIVE PLAN**

**AS AMENDED MARCH 23, 1999**

**I. PURPOSE:**

The purpose of the Viad Corp Management Incentive Plan (Plan) is to provide key executives of Viad Corp and its subsidiaries with an incentive to achieve goals as set forth under this Plan for each calendar year (Plan Year) for their respective companies and to provide effective management and leadership to that end.

**II. PHILOSOPHY:**

The Plan will provide key executives incentive bonuses based upon appropriately weighted pre-defined net income and other performance measurements.

**III. SUBSIDIARIES, SUBSIDIARY GROUPS AND DIVISIONS:**

A. Each subsidiary, subsidiary group, line of business or division listed below is a "Company" for the purposes of this Plan:

**NAME OF COMPANY**

Brewster Transport Company Limited

Dobbs International Services, Inc. group Exhibitgroup/Giltspur group

GES Exposition Services, Inc. group Recreation Division (ProDine) group Travelers Express Company, Inc. group

Viad Corp may, by action if its Board of Directors or its Human Resources Committee, add or remove business units on the list of participant companies from time to time.

## B. FUNDING LIMIT:

A "funding limit" shall be established annually for each Company participant who has been designated an Executive Officer as defined under Section 16b of the Securities Exchange Act. The funding limit shall be an amount determined by multiplying the actual net income of the Company for the Plan Year by the percent of such income approved by the Human Resources Committee of the Viad Corp Board of Directors (Committee) for such funding limit. The subsidiary executive cannot be paid a larger bonus than the funding limit provided by this clause, but may be paid less in the discretion of the HR Committee based on the Performance Goals set forth below and other such factors which the HR Committee may consider.

## C. PERFORMANCE GOALS:

### 1. NET INCOME:

An appropriate "net income" target for the plan year for each Company will be recommended by the Chief Executive Officer of Viad Corp to the Committee for approval taking into account overall corporate objectives, historical income and Plan Year financial plan income (on the same basis as determined below) and, if appropriate, other circumstances.

Net income to be used in calculating the bonus pool of each Company shall mean net income (after deducting charges against income for all incentives earned, including those earned under this Plan as detailed below) adjusted to appropriately exclude the effects of gains and losses from the sale or other disposition of capital assets other than vehicles. There will be an addback to actual net income for any additional intercompany interest cost (net of tax) incurred during the year by a subsidiary as the result of any special dividend paid (in excess of 100% of net income for the year). In addition, an addback to actual net income will be allowed for any increased cost to a subsidiary if there is an increase in the actual formula allocation of corporate overhead over amounts included in the Plan for the year.

Special treatment of any other significant unusual or non-recurring items (for purposes of determining actual Plan Year net income) arising after a Company's targets are set

may be recommended by the Chief Executive Officer of Viad Corp to the Committee for approval, including, for example, appropriate adjustment of net income target to reflect planned effects of an acquisition approved after target has been set. Other examples include extraordinary items, effects of a change in accounting principles or a change in federal income tax rates.

Incentives to be paid under this Plan must be deducted from the subsidiary corporation's earnings by the end of the year. Goals must be achieved after deducting from actual results all incentive compensation applicable to the year, including those incentives earned under this Plan.

## 2. VALUE ADDED MEASUREMENT:

An appropriate "Value Added" target for the plan year for each Company will be recommended by the Chief Executive Officer of Viad Corp to the Committee for approval. This measurement is intended to place increased emphasis on securing an adequate return to Viad on all capital employed in the business (e.g., receivables, inventory, fixed assets, and goodwill). Viad Value Added (VVA) compares net operating income to the return required on capital invested in the business.

In calculating the bonus pool of each Company, VVA shall mean Net Operating Profit After Taxes (NOPAT is defined as sales minus operating expenses minus taxes) minus a Capital Charge calculated by multiplying a Cost of Capital times the actual Capital (Capital is defined as net working capital plus fixed capital). Certain adjustments are necessary to determine NOPAT and Capital, or set forth in the VVA user guide.

## 3. OTHER PERFORMANCE MEASUREMENTS:

An appropriate number of performance measurements other than net income and VVA will be established for each Company, to place increased emphasis on areas of importance to achieving overall corporate objectives, with the Chief Executive Officer of Viad to recommend to the HR committee the measures to be used and, at the end of the year, the level of achievement against each. Measures which may be used include, but are not limited to:

- 1) Operating income margin growth\*
  - 2) Revenue growth\*
  - 3) Control/reduce workers compensation and liability claims/costs
  - 4) Profitability per employee
  - 5) Growth in funds for payment service
- \* Fully taxable equivalent basis (where appropriate)

#### 4. ESTABLISHING TARGETS:

The actual targets for net income, for VVA and for the categories of discretionary performance measurements to be employed will be established by the Committee no later than 90 days after the beginning of the Plan Year after receiving the recommendations of the Chief Executive Officer of Viad Corp.

#### D. PARTICIPANT ELIGIBILITY:

The Committee will select the Executive Officers as defined under Section 16b of the Securities Exchange Act eligible for participation no later than 90 days after the beginning of the Plan Year. Other personnel will be eligible for participation as designated by each Company President or Chief Executive Officer and recommended to the Chief Executive Officer of Viad Corp for approval, limited only to those executives who occupy a position in which they can significantly affect operating results as pre-defined by appropriate and consistent criteria, i.e., base salary not less than \$49,000 per year, or base salary not less than 50% of the Company's Chief Executive Officer, or position not more than the third organizational level below the Company Chief Executive Officer or another applicable criteria.

NOTE: Individuals not qualifying under the criteria established for the Plan Year who were included in the previous year will be grandfathered (continue as qualified participants until retirement, reassignment, or termination of employment) if designated by the Company President or Chief Executive Officer, and approved by the Chief Executive Officer of Viad Corp.

#### E. TARGET BONUSES:

Target bonuses will be approved by the Committee for each Executive Officer in writing within the following parameters no later than 90 days after the beginning of the Plan Year and will be

expressed as a percentage of salary paid during the year. Target bonuses for other eligible personnel will be established in writing within the following parameters subject to approval by the Chief Executive Officer of Viad Corp.

Actual bonus awards will be dependent on Company performance versus the targets established. A threshold performance will be required before any bonus award is earned under the net income goal. Awards will also be capped when stretch performance levels are achieved.

Subsidiary Positions	As a Percentage of Salary		
	Threshold**	Target	Cap
Chief Executive Officer/President*	22.5%	45%	80.325%
	20.0%	40%	71.4%
Executive Vice President-Senior Vice President, and Other Operating Executives	20.0%	40%	71.4%
Vice Presidents*	17.5%	35%	62.475%
	15.0%	30%	53.55%
Key Management Reporting to Officers*	12.5%	25%	44.625%
	10.0%	20%	35.7%
Staff Professionals*	7.5%	15%	26.775%
	5.0%	10%	17.85%

\* Target Bonus, as determined by the Committee, is dependent upon organization reporting relationships. \*\* Reflects minimum achievement of both performance targets. Threshold could be lower if minimum achievement of only one performance target is met.

F. BONUS POOL TARGET:

1. The "Bonus Pool Target" will be initially established no later than 90 days after the beginning of the Plan Year and will be adjusted to equal the sum of the target bonuses of all designated participants in each Company based upon actual Plan Year salaries, as outlined in paragraph D above, plus 15% for Special Achievement Awards.
2. The bonus pool will accrue ratably such that

a) on 60% of the sum of target bonuses:

- (i) no bonus will be earned if less than 90% of the net income target is achieved;
- (ii) 50% (threshold) to 100% will be earned if 90% to 100% of the net income target is achieved.
- (iii) 100% to 178.5% will be earned if 100% to 110% of the net income target is achieved.

b) on 30% of the sum of target bonuses:

- (i) No bonuses will be earned if less than 90% of the VVA target is achieved;
- (ii) 50% (threshold) to 100% will be earned if 90% to 100% of the VVA target is achieved.
- (iii) 100% to 178.5% (cap) will be earned if 100% to 110% of the VVA target is achieved.

Notwithstanding 2.a) i), ii) and iii) and 2.b) i), ii) and iii), of this paragraph F, the ratable accrual of the net income and VVA targets may be established for threshold within the range of above 90%, up to and including 95% and for maximum within the range of below 110% down to 105%, for a Company as may be designated by the Committee after considering the recommendations of the Chief Executive Officer of Viad Corp; however, the Committee may, when appropriate, adjust such ranges upward or downward.

Further, the bonus pool shall include any excess of the funding limit established pursuant to paragraph B for a Company's Executive Officer(s) over the amount of bonus pool funds otherwise provided with respect to such person(s) pursuant to 2a) and b) of this Paragraph F.

c) on 10% of the sum of target bonuses:

- (i) No bonuses will be earned if achievement relating to the other designated performance measurements is considered unsatisfactory;

(ii) 50% (threshold) to 178.5% will be earned as determined by the Committee after considering the recommendation of the Chief Executive Officer of Viad of the level of acceptable achievement relating to the other designated performance measurements.

3. Bonus pool accruals not paid out shall not be carried forward to any succeeding year.

#### G. INDIVIDUAL BONUS AWARDS:

1. Indicated bonus awards will be equal to the product of the target bonus percentage times the weighted average percentage of bonus pool accrued as determined in paragraph F above times the individual's actual base salary earnings during the Plan Year, subject to adjustments as follows:

a) discretionary upwards or downward adjustment of formula bonus awards by the Committee after considering the recommendation of the Company President or Chief Executive Officer with the approval of the Chief Executive Officer of Viad Corp for those executives not affected by Section 162(m) of the Internal Revenue Code, and

b) discretionary downward adjustment of awards by the Committee for those executive officers affected by Section 162(m) of the Internal Revenue Code, and

c) no individual award may exceed the individual's capped target award or the funding limit with respect to Executive Officers, and the aggregate recommended bonuses may not exceed the bonus pool accrued for other than Special Achievement Awards.

2. Bonuses awarded to the participating management staff of subsidiary groups may be paid from funds accrued based upon the target bonus for such participant(s) times the weighted average performance of the Companies in the subsidiary group, subject to adjustments as above.

#### IV. VIAD CORP CORPORATE STAFF:

##### A. FUNDING LIMIT:

A "funding limit" shall be established annually for each Corporate participant who has been designated an Executive Officer as defined under Section 16b of the Securities Exchange Act. The funding limit will be an amount determined by multiplying the actual net income from continuing operations of the Corporation (as used in the income per share calculation described herein) for the Plan Year by the percent of such income approved by the Committee for such funding limit. The executive cannot be paid a larger bonus than the funding limit provided by this clause, but may be paid less in the discretion of the Committee based on the Performance Goals set forth below and such other factors which the Committee may consider.

##### B. PERFORMANCE GOALS:

###### 1. INCOME PER SHARE:

An appropriate "income per share" from continuing operations target for Viad Corp will be recommended by the Chief Executive Officer of Viad Corp to the Committee for approval after considering historical income per share from continuing operations, Plan Year financial plan income, overall corporate objectives, and, if appropriate, other circumstances.

Income per share from continuing operations is determined before extraordinary items, effects of changes in accounting principles or a change in federal income tax rates after the target has been set. (For example, new FASB release on Accounting for Derivatives, to be effective for periods after December 15, 1999, which could be adopted earlier, but was not taken into account in setting 1999 target income per share.) Reclassification of a major business unit to discontinued operations status after targets have been set would also require adjustment because of effect on continuing operations results. While gains on disposition of a business would normally not be included in determining actual Plan Year net income or income per share, in the event of the sale of a subsidiary or major business unit, a portion of gain would be included equal to the difference between the sold unit's planned net income for the year and actual results to date of sale plus calculated interest savings on proceeds for the balance of the year, so that actual results are not penalized for selling a business.

Incentives to be paid under this Plan must be deducted from the corporation's earnings by the end of the year. Goals must be achieved after deducting from actual results all incentive compensation applicable to the year, including those incentives earned under this Plan.

## 2. VALUE ADDED MEASUREMENT:

An appropriate "Value Added" target for the plan year for Corporate will be recommended by the Chief Executive Officer of Viad for approval by the Human Resources Committee. This measurement is intended to place increased emphasis on securing an adequate return to Viad on all capital employed in the business (e.g., receivables, inventory, fixed assets, and goodwill). Viad Value Added (VVA) compares operating income to the return required on capital invested in the business.

In calculating the bonus pool for Corporate, VVA shall mean Net Operating Profit After Taxes (NOPAT is defined as sales minus operating expenses minus taxes) minus a Capital Charge calculated by multiplying a Cost of Capital times the actual Capital (Capital is defined as net working capital plus fixed capital). Certain adjustments are necessary to determine NOPAT and Capital, as set forth in the VVA user guide.

## 3. OTHER PERFORMANCE MEASUREMENTS:

An appropriate number of performance measurements other than income per share will be established for Corporate, with the Chief Executive Officer of Viad to recommend to the Human Resources Committee the level of achievement against each of the measures.

The measures to be considered include, but are not limited to:

- 1) Reduction of investment in non-core assets
- 2) Management of 'legacy' liabilities of discontinued and/or sold businesses (primarily for legal, self-insurance, reinsurance and environmental matters)
- 3) Strategic positioning through effective portfolio management
- 4) Corporate center cost control
- 5) Through analysis and support, identify and help correct problems in operating units

#### 4. ESTABLISHING TARGETS:

The actual targets for income per share, for VVA and for the performance measurements to be used will be established by the Committee no later than 90 days after the beginning of the Plan year after receiving the recommendations of the Chief Executive Officer of Viad Corp.

#### C. PARTICIPANT ELIGIBILITY:

The Committee will select the Executive Officers as defined under Section 16b of the Securities Exchange Act eligible for participation no later than 90 days after the beginning of the Plan Year. Other personnel will be eligible for participation as recommended by the appropriate staff Vice President and as approved by the Chief Executive Officer of Viad Corp, limited only to those executives who occupy a position in which they can significantly affect operating results as defined by the following criteria:

- a) Salary grade 25 and above; and
- b) Not more than Organizational Level Four below the Chief Executive Officer.

NOTE: Individuals not qualifying under the criteria established for the Plan Year who were included in the previous year will be grandfathered (continue as qualified participants until retirement, reassignment, or termination of employment) if designated by the appropriate Vice President and approved by the Chief Executive Officer of Viad Corp.

#### D. TARGET BONUSES:

Target bonuses will be approved by the Committee for each Executive Officer in writing within the following parameters no later than 90 days after the beginning of the Plan Year and will be expressed as a percentage of salary. Target bonuses for other eligible personnel will be established in writing within the following parameters subject to approval by the Chief Executive Officer of Viad Corp.

Actual bonus awards will be dependent on Company performance versus the targets established. A threshold performance will be required before any bonus award is earned under the income per share goal. Awards also will be capped when stretch performance levels are achieved.

Corporate Positions	As a Percentage of Salary		
	Threshold**	Target	Cap
Chairman, President & Chief Executive Officer	37.50%	75%	135.0%
Senior Advisory Group	22.50%	45%	76.5%
Corporate Staff Officers	20.00%	40%	68.0%
Staff Directors*	17.50%	35%	59.5%
	15.00%	30%	51.0%
	12.50%	25%	42.5%
	10.00%	20%	34.0%
Staff Professionals*	7.50%	15%	25.5%
	5.00%	10%	17.0%

\* Target Bonus, as determined by the Committee, is dependent upon Organization Reporting Relationships. \*\* Reflects minimum of achievement of both performance targets. Threshold could be less if minimum achievement of only one performance target is met.

#### E. BONUS POOL TARGET:

1. The "Bonus Pool Target" will be established no later than 90 days after the beginning of the Plan year and will be adjusted to equal the sum of the target bonuses of all qualified participants based upon actual Plan Year base salaries, as outlined in paragraph C above, plus 15% for Special Achievement Awards.

2. The bonus pool will accrue ratably such that

a) on 60% of the sum of the target bonuses:

(i) no bonus will be earned if less than 90% of income per share target is achieved;

(ii) 50% to 100% will be earned if 90% to 100% of income per share target is achieved; and

(iii) 100% to 170% (180% in the case of Chairman, President and Chief Executive Officer) will be earned

if 100% to 110% of income per share target is achieved.

b) on 30% of the sum of target bonuses:

(i) no bonus will be earned if less than 90% of the VVA target is achieved;

(ii) from 50% (threshold) to 100% will be earned if 90% to 100% of the VVA target is achieved.

(iii) 100% to 170% (180% in the case of Chairman, President and Chief Executive Officer) (cap) will be earned if 100% to 110% of the VVA target is achieved.

provided no less than an amount equal to 12.5% of the actual bonus accruals earned under section III of this Plan or any Line of Business Incentive Plan established after 1984, for participants under section III herein will be earned hereunder, up to an aggregate maximum of 170% of Bonus Pool Target and transferred by the companies covered in section III, herein, to Viad Corp. For purposes of this determination only, the 178.5% upper limit shall not apply on such actual bonus accrual calculations for subsidiaries, subsidiary groups and divisions, and the calculation will exclude the excess if any, of funding limit amounts over bonus pool funds otherwise calculated under this provision.

c) on 10% of the sum of target bonuses:

(i) no bonus will be earned if achievement relating to the other designated performance measurements is considered unsatisfactory;

(ii) from 50% (threshold) to 170% (180% in the case of Chairman, President and Chief Executive Officer) will be earned as designated by the Committee after considering the recommendation of the Chief Executive Officer of Viad of the level of acceptable achievement relating to the other designated performance measures

d) Notwithstanding 2.a) i), ii) and iii) and 2.b) i), ii) and iii) of this paragraph E, the ratable accrual of the income per share and VVA targets may be established for threshold within the range of above 90% up to and including 95% and for maximum within the range of below 110% down to 105% as may be designated by the Committee; however, the Committee may, when appropriate, adjust such ranges upward or downward. Further, the bonus pool shall include any excess of the funding limit established pursuant to Paragraph B for each Corporate Executive Officer over the amount of bonus pool funds otherwise provided with respect to such persons pursuant to 2 a) and b) of this Paragraph E.

3. Bonus pool accruals not paid out shall not be carried forward to any succeeding year.

#### F. INDIVIDUAL BONUS AWARDS:

Indicated bonus awards will be equal to the product of the target bonus percentage times the weighted average percentage of bonus pool accrued as determined in paragraph D above times the individual's actual Plan Year base salary earnings, subject to adjustments as follows:

a) discretionary upward or downward adjustment of formula awards by the Committee after considering the recommendations of the Chief Executive Officer of Viad Corp for those executives not affected by Section 162(m) of the Internal Revenue Code.

b) discretionary downward adjustment of awards by the Committee for those Executive Officers affected by Section 162(m) of the Internal Revenue Code, and

c) no individual award may exceed the individual's capped target award or the funding limit with respect to Executive Officers and the aggregate recommended bonuses may not exceed the bonus pool for other than Special Achievement Awards.

#### V. SPECIAL ACHIEVEMENT AWARDS:

Special bonuses of up to 15% of base salary for exceptional performance to employees (primarily exempt employees) who are not participants in this Plan, including newly hired employees, may be recommended at the discretion of the

Chief Executive Officer to the Committee from the separate funds for discretionary awards provided for under paragraphs III F and IV E.

#### VI. APPROVAL AND DISTRIBUTION:

The individual incentive bonus amounts and the terms of payment thereof will be fixed following the close of the Plan Year by the Committee. Any award made under this Plan is subject to the approval of this Plan by the stockholders of Viad Corp.

#### VII. COMPENSATION ADVISORY COMMITTEE:

The Compensation Advisory Committee is appointed by the Chief Executive Officer of Viad Corp to assist the Committee in the implementation and administration of this Plan. The Compensation Advisory Committee shall propose administrative guidelines to the Committee to govern interpretations of this Plan and to resolve ambiguities, if any, but the Compensation Advisory Committee will not have the power to terminate, alter, amend, or modify this Plan or any actions hereunder in any way at any time.

#### VIII. SPECIAL COMPENSATION STATUS:

All bonuses paid under this Plan shall be deemed to be special compensation and, therefore, unless otherwise provided for in another plan or agreement, will not be included in determining the earnings of the recipients for the purposes of any pension, group insurance or other plan or agreement of a Company or of Viad Corp. Participants in this Plan shall not be eligible for any contractual or other short-term (sales, productivity, etc.) incentive plan except in those cases where participation is weighted between this Plan and any such other short-term incentive plan.

#### IX. DEFERRALS:

Participants subject to taxation of income by the United States may submit to the Committee, prior to November 15 of the year in which the bonus is being earned a written request that all or a portion, but not less than a specified minimum, of their bonus awards to be determined, if any, be irrevocably deferred substantially in accordance with the terms and conditions of a deferred compensation plan approved by the Board of Directors of Viad Corp or, if applicable, one of its subsidiaries. Participants subject to taxation of income by other jurisdictions may submit to the Committee a written request that all or a portion of their bonus awards be deferred in accordance with the terms and conditions of a plan which is adopted by the Board of Directors of a participant's Company. Upon the receipt of any such request, the Committee thereunder shall determine whether

such request should be honored in whole or part and shall forthwith advise each participant of its determination on such request.

**X. PLAN TERMINATION:**

This plan shall continue in effect until such time as it may be canceled or otherwise terminated by action of the Board of Directors of Viad Corp and will not become effective with respect to any Company unless and until its Board of Directors adopts a specific plan for such Company. While it is contemplated that incentive awards from the Plan will be made, the Board of Directors of Viad Corp, or any other Company hereunder, may terminate, amend, alter, or modify this Plan at any time and from time to time. Participation in the Plan shall create not right to participate in any future year's Plan.

**XI. EMPLOYEE RIGHTS:**

No participant in this Plan shall be deemed to have a right to any part or share of this Plan. This Plan does not create for any employee or participant any right to be retained in service by any Company, nor affect the right of any such Company to discharge any employee or participant from employment. Except as provided for in administrative guidelines, a participant who is not an employee of Viad Corp or one of its subsidiaries on the date bonuses are paid will not receive a bonus payment.

**EFFECTIVE DATE:**

The Plan shall be effective January 1, 1997, provided however, that any award made under this Plan is subject to the approval of the Viad 1997 Omnibus Incentive Plan by the stockholders of Viad Corp.

**VIAD CORP  
Exhibit 10.E**

**PERFORMANCE UNIT INCENTIVE PLAN**

**PURSUANT TO THE VIAD 1997 OMNIBUS INCENTIVE PLAN**

**AS AMENDED MARCH 23, 1999**

**1. PURPOSE**

The purpose of the Plan is to promote the long-term interests of the Corporation and its shareholders by providing a means for attracting and retaining designated key executives of the Corporation and its Affiliates through a system of cash rewards for the accomplishment of long-term predefined objectives.

**2. DEFINITIONS**

The following definitions are applicable to the Plan:

"Affiliate" - Any "Parent Corporation" or "Subsidiary Corporation" of the Corporation as such terms are defined in Section 425(e) and (f), or the successor provisions, if any, respectively, of the Code (as defined herein).

"Award" - The grant by the Committee of a Performance Unit or Units as provided in the Plan.

"Board" - The Board of Directors of Viad Corp.

"Code" - The Internal Revenue Code of 1986, as amended, or its successor general income tax law of the United States.

"Committee" - The Human Resources Committee of the Board.

"Corporation" - Viad Corp.

"Participant" - Any executive of the Corporation or any of its Affiliates who is selected by the Committee to receive an Award.

"Performance Period" - The period of time selected by the Committee for the purpose of determining performance goals and measuring the degree of accomplishment. Generally, the Performance Period will be a period of three successive fiscal years of the Corporation.

"Performance Unit Award" - An Award.

"Plan" - The Performance Unit Incentive Plan of the Corporation.

"Unit" - The basis for any Award under the Plan.

### 3. ADMINISTRATION

The Plan shall be administered by the Committee. Except as limited by the express provisions of the Plan, the Committee shall have sole and complete authority and discretion to (i) select Participants and grant Awards; (ii) determine the number of Units to be subject to Awards generally, as well as to individual Awards granted under the Plan; (iii) determine the targets that must be achieved in order for the Awards to be payable and the other terms and conditions upon which Awards shall be granted under the Plan; (iv) prescribe the form and terms of instruments evidencing such grants; and (v) establish from time to time regulations for the administration of the Plan, interpret the Plan, and make all determinations deemed necessary or advisable for the administration of the Plan.

### 4. PERFORMANCE GOALS

The Performance Unit Incentive Plan is intended to provide Participants with a substantial incentive to achieve or surpass two pre-defined long-range financial goals which have been selected because they are key factors (goals) in increasing shareholder value.

The first goal for each SUBSIDIARY Participant principally emphasizes growth in Average Three-Year Net Income.

The first goal for CORPORATE Participants also emphasizes Growth in Average Three-Year Net Income but the target will be based on income per share from continuing operations, the most appropriate measure in increasing shareholder value.

The second goal for CORPORATE and SUBSIDIARY Participants is a Viad Value Added (VVA) measure.

### 5. DETERMINATION OF TARGETS

#### A. AVERAGE THREE-YEAR GROWTH IN SUBSIDIARY EARNINGS

An appropriate average three-year net income target for the Performance Period for each Subsidiary Company will be established taking into account historical income, financial plan income for the Performance Period, overall Corporate objectives, and if appropriate, other circumstances. An appropriate range of values above and below such target will then be selected to measure achievement above or below the target.

#### B. AVERAGE GROWTH IN THREE-YEAR VIAD INCOME PER SHARE

An appropriate average three-year "Income Per Share" from continuing operations target for Viad Corp will be established after considering historical income per share from continuing operations, financial plan income for the Performance Period, overall Corporate objectives and, if appropriate, other circumstances. An appropriate range of values above and below such target will then be selected to measure achievement above or below the target.

#### C. VALUE ADDED MEASUREMENT:

The VVA measurement is intended to place increased emphasis on securing an adequate return to Viad on all capital employed in the business (e.g., receivables, inventory, fixed assets, and goodwill). VVA compares net operating income to the return required on capital invested in the business.

In calculating the bonus pool of each Company, VVA shall mean Net Operating Profit After Taxes (NOPAT is defined as sales minus operating expenses minus taxes) minus a Capital Charge calculated by multiplying a Cost of Capital times the actual Capital (Capital is defined as net working capital plus fixed capital). Certain adjustments are necessary to determine NOPAT and Capital, as set forth in the VVA user guide.

#### D. ESTABLISHING TARGETS

The appropriate weighting of goals, targets, range of values above and below such targets and the Performance Period to be used as a basis for the measurement of performance for Awards under the Plan will be determined by the Committee no later than 90 days after the beginning of each new Performance Period during the life of the Plan, after giving consideration to the recommendations of the Chief Executive Officer of Viad Corp. Performance Units will be earned based upon the degree of achievement of pre-defined targets over the Performance Period following the date of grant. Earned Units can range, based on operating performance using an award range of values, from 0% to 200% of the target Units.

#### 6. OTHER PLAN PROVISIONS

Subsidiary net income and Viad income per share from continuing operations are determined before extraordinary items, effects of changes in accounting principles or a change in federal income tax rates after the target has been set. (For example, new FASB release on Accounting for Derivatives to be effective for periods after December 15, 1999 but not considered when targets were set). Reclassification of a major business unit to discontinued operations status after targets have been set would also require adjustment because of effect on Viad continuing operations results. While gains on disposition of a business would normally not be

included in determining income per share, in the event of the sale of a subsidiary or major business unit, a portion of gain would be included for the difference between the sold unit's planned net income for the performance period and actual results to date of sale plus calculated interest savings on proceeds for the balance of the performance period, so that actual results are not penalized for selling a business.

There will be an addback to actual net income for any additional intercompany interest cost (net of tax) incurred by a subsidiary as the result of any special dividend paid (in excess of 100% of net income for a year) during the applicable performance period. In addition, an addback to actual net income will be allowed for any increased cost to a subsidiary for an increase in the formula allocation of corporate overhead over amounts included in the Plan/Forecast at the beginning of the applicable performance period.

Incentives to be paid under this Plan must be deducted from the subsidiary corporation's and the Corporation's earnings during the Performance Period (generally in the third year, when the amounts to be paid can be reasonably estimated). Goals must be achieved after deducting from actual results all incentive compensation applicable to such performance periods, including those incentives earned under this Plan.

## 7. RANGE OF PERFORMANCE AWARDS

The range of values for the Corporation's or a Subsidiary Company's net income or income per share performance and the VVA measurement is set at a minimum of 80% of target for threshold and capped at 120% of the target. Notwithstanding the foregoing, targets may be established for threshold within the range of above 80% up to and including 95% and for maximum within the range of below 120% down to 105%, as may be designated by the Committee; however, the Committee may, when appropriate, adjust such ranges upward or downward.

Performance Units will be earned based upon the degree of achievement of each of the pre-defined targets (net income or income per share and VVA) over the Performance Period following the date of grant. A range of values will be established for the net income or income per share target (to carry a 70% weighting) and for the VVA measurement (to carry a 30% weighting).

## 8. PARTICIPANT ELIGIBILITY

Personnel will be eligible for participation as recommended by the Viad Corp, Chief Executive Officer for approval by the Committee no later than 90 days after the beginning of each new Performance Period during the life of the Plan, limited only to those key executives who contribute in a substantial measure to the successful performance of the Corporation or its Affiliates.

The Chief Executive Officer will recommend for approval by the Committee which Affiliates among its Affiliates should be included in the Plan.

## 9. AWARD DETERMINATION

The number of Units to be awarded will be determined, generally, by multiplying a factor times the Participant's annual base salary in effect at the time the Award is granted and dividing the result by the average of the high and low of the Corporation's Common Stock on the date of approval of the grant by the Committee. The Award factor will be recommended by the Chief Executive Officer of Viad Corp for approval by the Committee annually no later than 90 days after the beginning of each new performance period. The Committee may adjust the number of Units awarded in its discretion.

## 10. GENERAL TERMS AND CONDITIONS

The Committee shall have full and complete authority and discretion, except as expressly limited by the Plan, to grant Units and to provide the terms and conditions (which need not be identical among Participants) thereof. Without limiting the generality of the foregoing, the Committee may specify a Performance Period of not less than two years or not more than five years, rather than the three-year Performance Period provided for above, and such time period will be substituted as appropriate to properly effect the specified Performance Period. No Participant or any person claiming under or through such person shall have any right or interest, whether vested or otherwise, in the Plan or in any Award thereunder, contingent or otherwise, unless and until all the terms, conditions, and provisions of the Plan and its approved administrative requirements that affect such Participant or such other person shall have been complied with. Nothing contained in the Plan or its Administrative Guidelines shall (i) require the Corporation to segregate cash or other property on behalf of any Participant or (ii) affect the rights and power of the Corporation or its Affiliates to dismiss and/or discharge any Participant at any time.

Any recapitalization, reclassification, stock split, stock dividend sale of assets, combination or merger not otherwise provided for herein which affects the outstanding shares of Common Stock of the Corporation or any other change in the capitalization of the Corporation affecting the Common Stock shall be appropriately adjusted for by the Committee or the Board, and any such adjustments shall be final, conclusive and binding.

## 11. PAYMENTS OF AWARDS

(a) Performance Unit Awards which may become payable under this Plan shall be calculated as determined by the Committee but any resulting Performance Unit Award payable shall be subject to the following calculation: each Unit payable shall be multiplied by the average of the daily means of the market prices of the Corporation's Common Stock during the ten trading day period beginning on the day following public announcement of the Corporation's year-end financial results following the Performance Period. Distribution of the Award will be made within ninety (90) days

following the close of the Performance Period. For those Executive Officers affected by Section 162(m) of the Internal Revenue Code, awards will be subject to discretionary downward adjustment by the Committee.

(b) Performance Unit Awards granted under this Plan shall be payable during the lifetime of the Participant to whom such Award was granted only to such Participant; and, except as provided in (d) and (e) of this Section 7, no such Award will be payable unless at the time of payment such Participant is an employee of and has continuously since the grant thereof been an employee of, the Corporation or an Affiliate. Neither absence on leave, if approved by the Corporation, nor any transfer of employment between Affiliates or between an Affiliate and the Corporation shall be considered an interruption or termination of employment for purposes of this Plan.

(c) Prior to the expiration of the Performance Period, all Participants will be provided an irrevocable option to defer all or a portion of any earned Performance Unit Award, if there be one but not less than \$1,000, in written form as prescribed by the Board under the provisions of a deferred compensation plan for executives of the Corporation and its Affiliates, if one be adopted.

(d) If a Participant to whom a Performance Unit Award was granted shall cease to be employed by the Corporation or its Affiliate for any reason (other than death, disability, or retirement) prior to the completion of any applicable Performance Period, said Performance Unit Award will be withdrawn and subsequent payment in any form at any time will not be made.

(e) If a Participant to whom a Performance Unit Award was granted shall cease to be employed by the Corporation or its Affiliate due to early, normal, or deferred retirement, or in the event of the death or disability of the Participant, during the Performance Period stipulated in the Performance Unit Award, such Award shall be prorated for the period of time from date of grant to date of retirement, disability or death, as applicable, and become payable within ninety (90 days) following the close of the Performance Period to the Participant or the person to whom interest therein is transferred by will or by the laws of descent and distribution. Performance Unit Awards shall be determined at the same time and in the same manner (except for applicable proration) as described in Section 11(a).

(f) There shall be deducted from all payment of Awards any taxes required to be withheld by any Federal, State, or local government and paid over to any such government in respect to any such payment.

## 12. ASSIGNMENTS AND TRANSFERS

No award to any Participant under the provisions of the Plan may be assigned, transferred, or otherwise encumbered except, in the event of death of a Participant, by will or the laws of descent and distribution.

### 13. AMENDMENT OR TERMINATION

The Board may amend, suspend, or terminate the Plan or any portion thereof at any time provided, however, that no such amendment, suspension, or termination shall invalidate the Awards already made to any Participant pursuant to the Plan, without his consent.

### 14. EFFECTIVE DATE

The Plan shall be effective January 1, 1997, provided however, that any Award made under this Plan is subject to the approval of the Viad 1997 Omnibus Incentive Plan by the stockholders of Viad Corp.

**Exhibit 10.N**

**AGREEMENT**

This Agreement ("Agreement") shall become effective April 1, 1999 ("Effective Date") between Viad Corp, a Delaware corporation ("Corporation"), and Richard C. Stephan ("Consultant").

Whereas, Consultant will provide services to the Corporation under the terms of this Agreement; and

Whereas, Consultant has elected to retire as an officer and employee of the Corporation and its subsidiaries and affiliates effective March 31, 1999;

Now, therefore, Corporation and Consultant agree as follows:

1. **RETENTION AS CONSULTANT.** Corporation hereby retains Consultant during the term hereof. Consultant hereby accepts such undertaking and commits his availability to perform the consulting services herein defined. The Vice President-Controller of the Corporation or his designee ("Contact Person") shall be responsible for assigning work to Consultant.
2. **CONSULTING SERVICES.** Consultant shall perform the following services for the Corporation ("Services"):
  - a) Assist with quarterly closings;
  - b) Assist with year-end 1999 and 2000 closings;
  - c) Assist as needed on Special Projects (acquisitions, dispositions, reorganizations, etc.); and
  - d) Serve as the Corporation's Representative with respect to the Corporation's investment in the Diamondbacks baseball franchise.

Contact Person shall coordinate with Consultant as to dates or times when Services are required, it being understood that five to seven full-time days will be required for each quarterly closing, ten to fourteen full-time days will be required for each year-end closing, and reasonable amounts of time will be required to provide other Services hereunder.

3. **OFFICE.** The Corporation, at its sole expense, shall provide reasonable support facilities to Consultant at Viad Tower, Phoenix, Arizona, including parking, access to and utilization of an office, and telephone and secretarial services.

4. TERM. The term of this Agreement shall commence April 1, 1999, for a two-year period expiring March 31, 2001, subject to earlier termination as provided in Section 10 ("Term").

5. COMPENSATION AND OTHER MATTERS. In consideration of the performance and observance by Consultant of his agreements hereunder, Corporation during the term of this Agreement shall:

a) Pay Consultant \$70,000 per annum, payable pro rata on a monthly basis in arrears;

b) Reimburse Consultant or pay directly for up to \$5,000 per annum for financial services provided to Consultant by AYCO; and

c) Provide continued coverage to Consultant under the Limited Executive Medical Plan of the Corporation, such coverage to be provided to Consultant at a cost equal to the COBRA premium applicable to such coverage. Normal COBRA period for such coverage to begin at the termination of this Agreement for the statutory period and thereafter retiree medical premiums and coverages under the Viad Corp Medical Plan shall apply. Equivalent coverage will be provided in the event that COBRA is or becomes unavailable.

6. EXPENSES. Corporation shall reimburse Consultant for all reasonable, ordinary and necessary business expenses, including business travel, incurred by Consultant in the performance of Services hereunder, provided such expenses are substantiated and documented as may be required by Corporation.

7. INDEPENDENT CONTRACTOR. It is the intention of the parties hereto that Consultant shall be an independent contractor in the performance of Services hereunder, and that nothing herein contained shall be construed to be inconsistent with his status as an independent contractor.

Consultant hereby resigns as an officer and employee of the Corporation effective March 31, 1999. It is understood that the fees or any other amounts Corporation pays Consultant under this Agreement shall not be considered salary for pension or any other purposes, and Consultant will not be entitled to any of the other fringe and supplemental benefits of Corporation; that Corporation shall have no liability whatsoever to Consultant on account of this Agreement except payment of the amounts provided for hereunder; and that Corporation shall pay no employment-related withholding or other taxes or charges of any nature, nor be subject to liability for any torts or other wrongs committed by Consultant.

8. **CONSULTANT SKILLS.** Consultant shall devote his best efforts and skills to the performance of Services hereunder. Consultant shall act in accordance with his own expertise, experience, manner and methods and shall not be subject to the supervision and control of employees or executives of the Corporation in the day-to-day exercise of his expertise or the application of his experience, or manner and methods of service; and Consultant shall comply with all applicable governmental laws, rules and regulations with reference to taxation and otherwise, provided, however, that nothing in this section shall be construed to relieve Consultant from any obligation to act in accordance with policies and procedures established by the Corporation with respect to its contractors generally, or in accordance with general instructions from the Corporation with respect to Consultant's assignments.

9. **COVENANTS AND RESTRICTIONS.** A material portion of the consideration to Consultant provided herein is intended as consideration for the following covenants and restrictions:

9.1 While representing Corporation, its subsidiaries and affiliates hereunder, Consultant shall make no representation in any way detrimental to their interests, nor shall Consultant at any time hold himself out as an agent, officer or employee of any of them for any purpose, including reporting to any governmental authority, excepting pursuant to special powers that may be granted from time to time by the chief executive officer of the Corporation.

9.2 Consultant agrees that during the Term and thereafter he will not disclose to others any of Corporation's, its subsidiaries' or affiliates' business information, including, without limitation, business plans or strategies, financial information, organization, budget, marketing expenditures, acquisitions, investigations, new products, customer or supplier lists (including price lists) or any information or data of a secret or confidential nature, unless and to the extent such information becomes publicly available or he is instructed by the chief executive officer of the Corporation to the contrary during the term of this Agreement.

9.3 During the Term, Consultant shall not serve as an advisor, consultant, agent or employee of any entity engaged in competition with Corporation or any subsidiary or affiliate for which Consultant is performing or has performed services hereunder.

10. **TERMINATION.** Either party may terminate this Agreement prior to the expiration of the Term specified in Section 4 herein, for any reason or no reason, on sixty (60) days' prior written notice of such termination.

11. EFFECT OF TERMINATION. Upon termination of this Agreement, Corporation shall pay Consultant the portion of any fee or other compensation earned or accrued up to the date of termination, but shall not be obligated to pay any fee or other compensation in respect of any period after the date of termination.

12. NOTICES. All notices or other relevant communications to be given hereunder shall be in writing and shall be deemed to have been effectually given if delivered or mailed by certified, registered, express or similar method of mail, postage prepaid, addressed as follows:

To Consultant:           Richard C. Stephan  
                                  6121 North 34th Place  
                                  Paradise Valley, Arizona 85253

To Corporation:         Viad Corp  
                                  1850 North Central Avenue  
                                  Phoenix, Arizona 85077  
                                  Attn: Vice President and General Counsel

or to such other person or address as either party may notify the other in writing. The effective date of any such notice or communication shall be the date of mailing.

13. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement and understandings of the parties hereto with respect to the Corporation's retention of Consultant to provide Services and supersedes any and all prior agreements and understandings, whether oral or written, relating to such Services. This Agreement shall not be modified or amended except by written agreement signed by Consultant and by a duly authorized officer of Corporation.

14. PARTIAL INVALIDITY. The invalidity, by statute, court decision or otherwise, of any term or condition of this Agreement shall not affect the validity or enforceability or any other term or condition hereof.

15. ASSIGNS. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of Corporation, whether by merger, consolidation, sale of shares or assets or operation of law, but shall not be assignable by Consultant.

16. OTHER MATTERS. This Agreement is entered into between Corporation and Consultant in connection with the retirement of Consultant as an officer and employee of the Corporation. Notwithstanding anything to the contrary herein, it is agreed with respect to such retirement as follows:

a) RETIREMENT. Consultant shall retire as an officer and employee of the Corporation and its subsidiaries and affiliates effective March 31, 1999.

b) VACATION PAY. Consultant shall be entitled to vacation pay earned in 1998 for 1999 (five weeks) plus vacation pay earned in 1999 through the date of Consultant's retirement (one quarter of five weeks) in accordance with normal policy of the Corporation, less excess vacation days taken in 1998 and any vacation days taken in 1999.

c) PENSION. Consultant shall receive his qualified pension benefit under the Viad Corp Retirement Income Plan. No additions, reductions, offsets or withholdings shall be made with respect to the Supplemental Pension Trust applicable to Consultant.

d) DISCLOSURE. The retirement of Consultant as an officer and employee of the Corporation shall be announced internally on or about December 15, 1998. No press release or other public announcement of Consultant's retirement shall be made without the written consent of Consultant and Corporation.

By their signatures below, the parties hereto evidence their complete agreement as of December 4, 1998, to all the terms and conditions hereof.

**Signed this 4th day of December, 1998.**

*VIAD CORP*

*CONSULTANT*

*/s/ Peter J. Novak*

*/s/ Richard C. Stephan*

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*Vice President and General Counsel*

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## Viad Corp Selected Financial and Other Data

YEAR ENDED DECEMBER 31,	1998	1997	1996	1995	1994
OPERATIONS (000 omitted)					
Revenues(1)	\$2,542,135	\$2,417,470	\$2,263,228	\$1,976,745	\$1,806,597
Income from continuing operations(2)	\$ 150,640	\$ 97,794	\$ 69,071	\$ 70,781	\$ 61,173
Income (loss) from discontinued operations(3)			(40,694)	(73,465)	79,138
Extraordinary charge for early retirement of debt		(8,458)			
Cumulative effect of change in accounting principle(4)				(13,875)	
Net income (loss)	\$ 150,640	\$ 89,336	\$ 28,377	\$ (16,559)	\$ 140,311
DILUTED INCOME PER COMMON SHARE (dollars)					
Continuing operations(2)	\$ 1.52	\$ 1.03	\$ 0.74	\$ 0.79	\$ 0.69
Discontinued operations(3)			(0.44)	(0.83)	0.92
Extraordinary charge		(0.09)			
Cumulative effect of change in accounting principle(4)				(0.16)	
Diluted net income (loss) per common share	\$ 1.52	\$ 0.94	\$ 0.30	\$ (0.20)	\$ 1.61
Average outstanding and potentially dilutive common shares (000 omitted)	98,367	93,786	91,339	88,479	86,507
BASIC INCOME PER COMMON SHARE (dollars)					
Continuing operations(2)	\$ 1.58	\$ 1.06	\$ 0.76	\$ 0.80	\$ 0.71
Discontinued operations(3)			(0.45)	(0.84)	0.93
Extraordinary charge		(0.09)			
Cumulative effect of change in accounting principle(4)				(0.16)	
Basic net income (loss) per common share	\$ 1.58	\$ 0.97	\$ 0.31	\$ (0.20)	\$ 1.64
Average outstanding common shares (000 omitted)	94,382	90,804	88,814	86,543	84,861
Dividends declared per common share(5)	\$ 0.32	\$ 0.32	\$ 0.48	\$ 0.62	\$ 0.59
FINANCIAL POSITION AT YEAR-END (000 omitted)					
Total assets	\$4,802,772	\$3,730,313	\$3,453,312	\$3,716,548	\$3,228,083
Total debt(5)	534,453	410,140	521,127	889,291	741,969
\$4.75 Redeemable preferred stock	6,625	6,612	6,604	6,597	6,590
Common stock and other equity(5)	645,881	529,161	432,218	548,169	555,093
OTHER DATA					
EBITDA (000 omitted)(1,6)	\$ 300,405	\$ 266,100	\$ 240,943	\$ 218,737	\$ 200,633
Debt-to-capital ratio(7)	45%	43%	54%	61%	57%
Market capitalization (000 omitted)(5)	\$2,882,567	\$1,818,276	\$1,478,256	\$2,605,575	\$1,825,178
Stockholders of record	37,960	52,953	69,772	63,925	55,241

(1) A Viad payment services subsidiary is investing increasing amounts in tax-exempt securities. On a fully taxable equivalent basis using a combined income tax rate of 39%, revenues and EBITDA would be higher by \$39,309,000, \$28,724,000, \$21,489,000, \$16,000,000 and \$7,897,000 for 1998, 1997, 1996, 1995 and 1994, respectively.

(2) Includes nonrecurring gains on sales of businesses of \$32,855,000, or \$0.33 per diluted share (\$0.34 per basic share) and a provision for payments previously received pursuant to patent infringement litigation of \$6,917,000, or \$0.07 per diluted and basic share in 1998; and a nonrecurring gain on the sale of Viad's interest in the Phoenix Suns of \$19,025,000, or \$0.21 per diluted and basic share, and nonrecurring spin-off costs and management transition expenses of \$28,985,000, or \$0.32 per diluted and basic share, in 1996. See Note C of Notes to Consolidated Financial Statements. Excluding these items, diluted income per share was \$1.26 in 1998 and \$0.85 in 1996.

(3) See Note D of Notes to Consolidated Financial Statements.

(4) Initial application of SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of."

(5) The declines in dividends declared per common share in 1997 and 1996, as well as the decline in total debt, common stock and other equity and market capitalization in 1996, reflect the spin-off of the consumer products business to stockholders on August 15, 1996.

(6) EBITDA is defined as income from continuing operations before interest expense, income taxes, depreciation and amortization and the nonrecurring items described above. EBITDA data are presented as a measure of the ability to service debt, fund capital expenditures and finance growth. Such data should not be considered an alternative to net income, operating income, cash flows from operations or other operating or liquidity performance measures prescribed by generally accepted accounting principles. Cash expenditures for various long-term assets, interest expense and income taxes have been, and will be, incurred which are not reflected in the EBITDA presentations.

(7) Debt-to-capital is defined as total debt divided by capital. Capital is defined as total debt plus minority interests, preferred stock and common stock and other equity.

## RESULTS OF OPERATIONS:

Viad Corp ("Viad") focuses on three principal service businesses: Payment Services, Convention and Event Services and Airline Catering.

Effective June 1, 1998, Viad acquired MoneyGram Payment Systems, Inc. ("MoneyGram"), a provider of consumer money wire transfer services. MoneyGram's operations from the date of acquisition are included in Viad's Payment Services reportable segment.

During 1998, Viad continued to dispose of noncore businesses and assets in order to concentrate on its core businesses. Effective April 1, 1998, Viad sold its Aircraft Services International Group ("ASIG"), which conducted aircraft fueling and ground-handling operations. On September 15, 1998, Viad sold its duty-free and shipboard concessions business, Greyhound Leisure Services, Inc. ("GLSI"). As discussed further under "Recent Developments," Viad completed the sale of the contract foodservice operations of Restaura, Inc. in late January 1999. ASIG's and GLSI's operations are included in Viad's results through the respective sale dates and, along with the results of the sold contract foodservice operations, are reported under "Sold businesses" in the segment information presented in Note Q of Notes to Consolidated Financial Statements.

In early 1997, Viad finalized the sale of Premier Cruise Lines; in May 1997, Viad sold its corporate headquarters building; and in October 1997, Viad completed the sale of two small United Kingdom travel tour companies, with the gain on sale recognized in 1998 after release of all related guarantees and bonding.

During 1996, Viad spun off its consumer products business to stockholders and disposed of its 68.5 percent ownership interest in its Canadian intercity bus transportation business. See Note D of Notes to Consolidated Financial Statements.

The following discussion and analysis should be read in conjunction with the accompanying Consolidated Financial Statements, which include the accounts of Viad and all of its subsidiaries. All per share figures discussed are stated on the diluted basis.

1998 vs. 1997:

Revenues for 1998 were \$2.54 billion compared with \$2.42 billion in 1997. A Viad payment services subsidiary continues to invest increasing amounts of its growing money order and official check funds in tax-exempt securities. On a fully taxable equivalent basis, and excluding the effects of the sold businesses noted previously, revenues increased 16 percent.

Net income for 1998 was \$150.6 million, or \$1.52 per share. Excluding the gains on sales of businesses of \$32.9 million, or \$0.33 per share, and the provision for payments previously received pursuant to patent litigation of \$6.9 million, or \$0.07 per share, income was \$124.7 million, or \$1.26 per share. See Note C of Notes to Consolidated Financial Statements. Income before an extraordinary charge for 1997 was \$97.8 million, or \$1.03 per share. Net income for 1997 was \$89.3 million, or \$0.94 per share, after deducting the extraordinary charge of \$8.5 million, or \$0.09 per share, for the early retirement of debt.

(000 omitted, except per share data)	1998	1997
INCOME BEFORE EXTRAORDINARY CHARGE (1997):		
BEFORE NONRECURRING ITEMS	\$ 124,702	\$ 97,794
Gains on sales of businesses	32,855	
Provision for payments previously received pursuant to patent infringement litigation	(6,917)	
INCOME BEFORE EXTRAORDINARY CHARGE	\$ 150,640	\$ 97,794
=====		
DILUTED INCOME PER COMMON SHARE		
BEFORE EXTRAORDINARY CHARGE:		
BEFORE NONRECURRING ITEMS	\$ 1.26	\$ 1.03
Gains on sales of businesses	0.33	
Provision for payments previously received pursuant to patent infringement litigation	(0.07)	
INCOME PER COMMON SHARE		
BEFORE EXTRAORDINARY CHARGE	\$ 1.52	\$ 1.03
=====		

There were 4.6 million more average outstanding and potentially dilutive common shares in 1998 than in 1997, due primarily to the acquisition of Game Financial Corporation ("Game") in December 1997 (for approximately 2.6 million shares of Viad stock), stock option exercises and the effects of a higher Viad stock price on the calculation of additional common shares arising from unexercised stock options. A stock repurchase program commenced in July 1998 to replace common shares issued upon exercise of stock options and in connection with other stock compensation plans.

**PAYMENT SERVICES.** Revenues of the Payment Services segment were \$391.8 million in 1998 compared to \$206.2 million in 1997. On the fully taxable equivalent basis, 1998 revenues of the Payment Services segment would be higher by \$39.3 million and \$28.7 million in 1998 and 1997, respectively, resulting in an 84 percent segment revenue increase. Excluding the effects in 1998 and 1997 of the patent litigation matter discussed in Note C of Notes to Consolidated Financial Statements, net income increased \$11.5 million, or 29 percent, in 1998. These results were accomplished despite incremental costs to remediate key systems to be Year 2000 compliant and were driven by continuing strong growth in traditional Travelers Express money order and official check operations, supplemented by Game and MoneyGram results.

**CONVENTION AND EVENT SERVICES.** Revenues of the Convention and Event Services segment were \$849.2 million in 1998, an increase of \$21.7 million, or 3 percent, from 1997 revenues of \$827.5 million. GES Exposition Services ("GES") concentrated on eliminating low-margin business during 1998, resulting in a disproportionately low revenue increase. Net income for the segment increased \$7.6 million, or 22 percent, to \$42.9 million in 1998 from \$35.3 million in 1997. Both GES and Exhibitgroup/Giltspur had solid gains in net income due to improved cost controls and higher margin business in 1998.

**AIRLINE CATERING.** Revenues for the Airline Catering segment were \$892.0 million, an increase of \$89.7 million, or 11 percent, over 1997 revenues of \$802.3 million. Net income was \$37.0 million, an 11 percent increase over that of 1997. These results were accomplished primarily as a result of new business added over the past year, including the acquisition of a catering kitchen in Las Vegas in the second quarter of 1998, and by strong airline traffic. Net income grew at the same rate as revenues despite the start-up of new and replacement kitchens and the effects of the Northwest Airlines strike in the third quarter of 1998, as strong cash flow resulted in lower interest expense.

**TRAVEL AND RECREATION SERVICES.** The ongoing travel and recreation businesses include the Canadian travel tour service subsidiary, which operates tours and charters in the Canadian Rockies and engages in hotel operations and snocoach tours of the Columbia Icefield; and the Recreation Division of Viad, which operates concessions at America West Arena and Bank One Ballpark in Phoenix, Arizona, and also operates, through a subsidiary, the historic lodges at Glacier National Park. Revenues of the travel and recreation businesses increased \$11.7 million, or 13 percent, to \$103.0 million in 1998. The revenue increase resulted primarily from the first year's operation of concessions at Bank One Ballpark, home of the new Arizona Diamondbacks major league baseball franchise, partially offset by a decline in Japanese and other Asian tourism into Canada. Net income for the travel and recreation businesses was \$9.5 million, an increase of \$1.7 million, or 21 percent, over that of 1997, primarily from the addition of the Bank One Ballpark operation as well as improved cost controls.

**SOLD BUSINESSES.** As noted previously, the sold businesses include the results of ASIG, GLSI, the Restaura contract foodservice operations, and the United Kingdom travel and tour companies, Jetsave and Crystal Holidays. Revenues of the sold businesses were \$306.1 million in 1998 compared to \$490.2 million in 1997. Net income of the sold businesses was \$9.2 million in 1998 compared to \$18.4 million in 1997.

**CORPORATE ACTIVITIES, NET.** These expenses decreased \$7.4 million from 1997 to 1998. In addition to ongoing cost reduction efforts, Viad began charging its operating companies an increased allocation of corporate expenses in 1998.

**INTEREST EXPENSE.** Interest expense decreased from \$48.7 million in 1997 to \$40.8 million in 1998. Interest expense from new borrowings for the June 1998 acquisition of MoneyGram was more than offset by the effects of repayment of debt and termination of related interest rate swap agreements with proceeds from the sales of noncore assets and businesses in 1997 and 1998.

**INCOME TAXES.** Excluding the effect of nonrecurring items, the 1998 effective tax rate was 28.2 percent, down from 29.6 percent in 1997. The relatively low effective tax rate is primarily attributable to increased tax-exempt investment income.

1997 vs. 1996:

Revenues for 1997 were \$2.42 billion compared with \$2.26 billion in 1996. On a fully taxable equivalent basis, and excluding businesses sold, revenues rose 9 percent.

Income from continuing operations was \$97.8 million, or \$1.03 per share, in 1997. Before nonrecurring items, 1996 income from continuing operations was \$79.0 million, or \$0.85 per share. After a nonrecurring gain on the sale of Viad's interest in the Phoenix Suns of \$19.0 million, or \$0.21 per share, and nonrecurring spin-off costs and management transition expenses of \$29.0 million, or \$0.32 per share, 1996 income from continuing operations was \$69.1 million, or \$0.74 per share.

Viad reported 1997 net income of \$89.3 million, or \$0.94 per share, compared to \$28.4 million, or \$0.30 per share, in 1996. The 1997 net income is after deducting an extraordinary charge of \$8.5 million, or \$0.09 per share, for early retirement of debt. The 1996 net income is after deducting a loss from discontinued operations of \$40.7 million, or \$0.44 per share. Discontinued operations included the consumer products, Canadian intercity bus transportation and cruise line businesses. See Note D of Notes to Consolidated Financial Statements.

**PAYMENT SERVICES.** Revenues of the Payment Services companies were \$206.2 million in 1997, up \$36.2 million over those of 1996. On the fully taxable equivalent basis, revenues would be higher by \$28.7 million and \$21.5 million in 1997 and 1996, respectively, resulting in a 23 percent segment revenue increase. Net income increased \$7.2 million, or 21 percent. The growth over 1996 was due to an increase in money order and official check volume, as well as business generated from several smaller acquisitions made in 1997. The acquisition of Game was completed in December 1997 but had little impact on 1997 results.

**CONVENTION AND EVENT SERVICES.** Revenues of the Convention and Event Services segment were \$827.5 million, an increase of \$53.5 million, or 7 percent, over 1996 revenues of \$774.0 million. Included in 1996 were nonrecurring revenues from the Atlanta Olympic Games and the Democratic National Convention. Net income increased \$3.9 million, or 13 percent, as a result of efficiencies from the consolidation of Exhibitgroup/Giltspur facilities, better margins from building exhibits, and improved show management cost controls at GES.

**AIRLINE CATERING.** Revenues of the Airline Catering segment were \$802.3 million, an increase of \$68.1 million, or 9 percent, over 1996 revenues of \$734.2 million. On a fully comparable basis, the revenue increase was 7 percent, as reported 1996 revenues did not include two catering kitchens which had only been 50 percent owned in 1996 but were wholly owned in 1997. Net income increased \$2.3 million, or 7 percent, over 1996. Catering revenues and net income increased primarily as a result of new business added during 1997, including the acquisition of a flight kitchen in Miami and expansion of its American Airlines business to Miami and five other new cities, which was phased in beginning in the 1997 second quarter.

**TRAVEL AND RECREATION SERVICES.** Revenues and net income of the travel and recreation businesses decreased \$100,000 and \$200,000, respectively, from 1996 to 1997, as a decline in Japanese tourism into Canada in the second half of 1997 was mostly offset by increased concession business at America West Arena, due to having a full year of Phoenix Coyotes hockey games in 1997 compared to calendar year 1996's initial (September through December) hockey schedule.

**SOLD BUSINESSES.** Revenues of the sold businesses described above decreased \$3.4 million from 1996 to 1997, while net income from the sold businesses increased \$2.2 million over the same period, as Restaura's results recovered from 1996's General Motors strike activity.

**CORPORATE ACTIVITIES, NET.** These expenses decreased \$3.8 million in 1997 from those in 1996, primarily as a result of cost reduction efforts.

**INTEREST EXPENSE.** Interest expense in 1997 decreased \$4.4 million from that of 1996. Viad repurchased \$58.4 million par value of its 10.5 percent subordinated debentures at a premium in March 1997, resulting in the extraordinary charge for early retirement of debt and lower ongoing interest expense. In addition, proceeds from the sales of noncore assets and businesses resulted in lower debt levels and reduced interest expense.

**INCOME TAXES.** The 1997 effective tax rate was 29.6 percent. Excluding the effect of nonrecurring items, the 1996 effective tax rate was 30.4 percent. The reduction in the effective tax rate results primarily from the increased tax-exempt investment income.

## LIQUIDITY AND CAPITAL RESOURCES:

Proceeds from the previously discussed sales of noncore assets and businesses in 1997 and 1998 were used to repay short-term borrowings and, in 1998, to terminate certain related interest rate swap agreements, resulting in lower ongoing interest expense.

In mid-1998, Viad completed its cash tender offer for MoneyGram at \$17.35 per share, for a total acquisition cost of approximately \$286.5 million. The acquisition was financed with cash and short-term borrowings supported by Viad's long-term revolving bank credit agreement.

Viad's total debt at December 31, 1998, was \$534.5 million compared with \$410.1 million at December 31, 1997. The debt-to-capital ratio at December 31, 1998, was 0.45 to 1, up slightly from 0.43 to 1 at December 31, 1997. Capital is defined as total debt plus minority interests, preferred stock and common stock and other equity.

Under a Shelf Registration filed in 1994 with the Securities and Exchange Commission, Viad can issue up to an aggregate \$500 million of debt and equity securities. No securities have yet been issued under the program.

With respect to working capital, in order to minimize the effects of borrowing costs on earnings, Viad strives to maintain current assets (principally cash, inventories and receivables) at the lowest practicable levels while at the same time taking advantage of the payment terms offered by trade creditors and obtaining advance deposits from customers for certain projects and services. These efforts notwithstanding, working capital requirements fluctuate significantly from seasonal factors as well as changes in levels of receivables and inventories caused by numerous business factors.

Viad satisfies a portion of its working capital and other financing requirements with short-term borrowings (through commercial paper, bank note programs and bank lines of credit) and the sale of trade accounts receivable. As discussed in Note I of Notes to Consolidated Financial Statements, short-term borrowings are supported by a \$300 million long-term revolving bank credit agreement.

As discussed in Note O of Notes to Consolidated Financial Statements, Viad has an agreement to sell up to \$75 million of trade accounts receivable under which the purchaser has agreed to invest collected amounts in new purchases on a revolving basis. The accounts receivable sold totaled \$75 million at December 31, 1998. The agreement expires in August 1999 but is expected to be extended annually.

During July 1998, Viad announced a stock repurchase program for the purpose of replacing common shares issued upon exercise of stock options and in connection with other stock compensation plans, with the intended effect of reducing dilution caused by the issuance of such shares. In 1998, a total of 909,000 shares were purchased under the program for \$23 million. Total proceeds received from the issuances of treasury stock related to stock option exercises in 1998 were \$17 million.

Capital spending has been reduced by obtaining, where appropriate, equipment and other property under operating leases. Viad's capital asset needs and working capital requirements are expected to be financed primarily with internally generated funds.

Cash flows from operations, trade accounts receivable sales and proceeds from the sales of noncore businesses and assets during the past three years have generally been sufficient to fund capital expenditures, purchase businesses and pay cash dividends to stockholders. Viad expects these trends to continue, with operating cash flows and, to a lesser extent, proceeds from the sale of noncore businesses and assets generally being sufficient to finance its business. Should financing requirements exceed such sources of funds, Viad believes it has adequate external financing sources available, including Viad's \$300 million long-term revolving bank credit agreement and its \$500 million Shelf Registration, to cover any such shortfall.

EBITDA is a measure of Viad's ability to service debt, fund capital expenditures and finance growth, and should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with generally accepted accounting principles. EBITDA, defined as income from continuing operations before interest expense, income taxes, depreciation and amortization and nonrecurring items and including the fully taxable equivalent adjustment, increased 15 percent to \$340 million in 1998, while EBITDA in 1997 increased 12 percent to \$295 million.

Viad's payment service operations generate funds from the sale of money orders and other payment instruments (classified as "Payment service obligations"). The proceeds of such sales are invested by a payment services subsidiary, in accordance with applicable state laws, in high-quality, readily liquid debt instruments (classified, along with cash on hand and cash in transit from agents, as "Funds, agents' receivables and current maturities of investments restricted for payment service obligations"), which before consolidating eliminations included investment-grade commercial paper issued by Viad and supported along with the rest of Viad's outstanding commercial paper by a credit commitment under a long-term revolving bank credit agreement, as described in Note I of Notes to Consolidated Financial Statements; and in a portfolio of longer-term high-quality investments (approximately 99 percent of the investments at December 31, 1998, have ratings of A- or higher or are collateralized by federal agency securities), including federal, state and municipal obligations, asset-backed securities and corporate debt securities (classified as "Investments restricted for payment service obligations"). These investments are restricted by state regulatory agencies for use by the payment services subsidiary to satisfy the liability to pay, upon presentment, the face amount of such payment service obligations. Accordingly such restricted assets are not available to satisfy working capital or other financing requirements of Viad. Fluctuations in the balances of payment service assets and obligations result from varying levels of sales of money orders and other payment instruments, the timing of the collections of agents' receivables and the timing of the presentment of such instruments.

In September 1997, Viad's payment services subsidiary entered into a five-year agreement to sell, on a periodic basis, undivided percentage ownership interests in certain receivables in an amount not to exceed \$250 million. In June 1998, the maximum amount to be sold under the agreement was increased to \$400 million, and the expiration date was extended to June 30, 2003. Items in the program include receivables from bill payment and money order agents. The receivables are sold in order to accelerate payment services' cash flow for investments in admissible securities.

As discussed in Note J of Notes to Consolidated Financial Statements, Viad sold treasury stock in 1992 to Viad's Employee Equity Trust (the "Trust") for a \$200 million promissory note. This Trust is being used to fund certain existing employee compensation and benefit plans over the scheduled 15-year term of the Trust. For financial reporting purposes, the Trust is consolidated with Viad. The fair market value of the shares held by the Trust, representing unearned employee benefits, was recorded as a deduction from common stock and other equity, and is reduced as employee benefits are funded. At December 31, 1998, a total of 4,495,736 shares remained in the Trust and were available to fund future benefit obligations.

As indicated in Note M of Notes to Consolidated Financial Statements, Viad has certain unfunded pension and other postretirement benefit plans that require payments over extended periods of time. Such future benefit payments are not expected to materially affect Viad's liquidity.

As of December 31, 1998, Viad has recorded U.S. deferred income tax assets totaling \$109 million, which Viad believes to be fully realizable in future years. The realization of such benefits will require average annual taxable income over the next 15 years (the current Federal net operating loss carryforward period) of approximately \$21 million. Viad's average U.S. pretax income from continuing operations, exclusive of nondeductible goodwill amortization and minority interests, over the past three years has been \$146 million. Furthermore, \$48 million of the deferred income tax benefits relate to unfunded pension, compensation and other employee benefits which will become deductible for income tax purposes as paid, which will occur over extended periods of time.

Viad is subject to various environmental laws and regulations of the United States as well as of the states and other countries in whose jurisdictions Viad has or had operations and is subject to certain international agreements. As is the case with many companies, Viad faces exposure to actual or potential claims and lawsuits involving environmental matters. Although Viad is a party to certain environmental disputes, Viad believes that any liabilities resulting therefrom, after taking into consideration amounts already provided for, exclusive of any potential insurance recovery, should not have a material effect on Viad's financial position or results of operations.

## **QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK:**

Viad's primary market risk exposure is interest rate risk.

As discussed in Notes A and F of Notes to Consolidated Financial Statements, Viad's portfolio of investment securities arises primarily from the sale of payment instruments (principally money orders and official checks) by a Viad payment services subsidiary. The proceeds of such sales are invested in permissible securities (primarily debt instruments), in accordance with applicable state laws, pending the settlement, upon presentment, of the payment instrument obligations. Although Viad's investment portfolio exposes Viad to certain credit risks, Viad believes the high quality of its investments reduces this risk substantially (approximately 99 percent of the investments at December 31, 1998, have ratings of A- or higher or are collateralized by federal agency securities).

As discussed in Note O of Notes to Consolidated Financial Statements, derivatives are used as part of Viad's risk management strategy to manage exposure to fluctuations in short-term interest rates. Derivatives are not used for speculative purposes.

A portion of Viad's payment services business involves the payment of commissions to selling agents of its official check program. A Viad payment services subsidiary has also entered into agreements to sell receivables from its bill payment and money order agents. The commissions and expense of selling receivables are computed based on short-term variable interest rates, and thus Viad is subject to risk arising from changes in such rates. Viad has hedged a substantial portion of this risk through the purchase of swap agreements which convert the variable rate payments to a fixed rate.

Viad is also exposed to short-term interest rate risk on certain of its debt obligations and trade accounts receivable sales. Viad currently does not use derivative financial instruments to hedge cash flows for such obligations.

A 10 percent proportionate increase (decrease) in short-term interest rates in 1999, as compared to the average level of interest rates in 1998, would result in an increase (decrease) in pre-tax income of approximately \$900,000. This estimate takes into consideration expected investment positions, commissions paid to selling agents, growth in new business, agents' receivable sales and the effects of the swap agreements. The estimate also assumes that the borrowing level and trade accounts receivable sales levels subject to fluctuating interest rates will approximate 1998 levels.

### **READINESS FOR THE YEAR 2000:**

Viad is continuing the implementation of initiatives necessary to make its systems, products and infrastructure "Year 2000" compliant on a timely basis, including replacing and/or updating certain systems. Internal initiatives to address Year 2000 compliance within each business unit have been broken down into various phases, including the following:

1. Identification of business systems and applications subject to Year 2000 risk;
2. Assessment of such business systems and applications to determine the appropriate method of correcting Year 2000 problems;
3. Implementation of corrective measures to bring systems and applications to Year 2000 compliance;
4. Testing and maintaining Year 2000 compliance.

Although no assurances can be made, Viad believes that it has identified all material systems and applications that are subject to Year 2000 risk and has either achieved Year 2000 compliance or initiated the implementation of plans to achieve timely Year 2000 compliance for such systems. A significant portion of Viad's Year 2000 initiatives have been finished with the remainder in various stages of completion. Viad's entire Year 2000 project is expected to be completed by mid-1999. Incremental costs (primarily for software consultants and outside programming help) necessary to bring systems and applications into Year 2000 compliance are being expensed as incurred. Viad currently estimates that the incremental cost of its Year 2000 projects will total approximately \$13.5 million, of which approximately 60 percent and 10 percent was expensed in 1998 and 1997, respectively. A substantial portion of the aggregate Year 2000 cost estimate pertains to efforts at Viad's payment services operations, where remediation of several key systems has already been completed, with the remaining systems scheduled for completion by the end of 1999's first

quarter. The Year 2000 costs are exclusive of costs which would have been incurred as part of normal systems and application replacements and/or upgrades to meet current and future business needs. Viad continues to monitor and evaluate the additional efforts and costs associated with the Year 2000 initiative.

Viad is also communicating with key vendors, service providers, customers and other third parties with whom business is conducted to determine the nature of any impact of Year 2000 issues on Viad. While Viad does not anticipate any material adverse effect on its business or its financial position or results of operations as a result of failure of such parties to achieve Year 2000 readiness, no assurance can be given that the parties on whom Viad relies will have accurately assessed and completed their Year 2000 remediation requirements. Viad's aggregate cost estimate does not include any expenses that may be incurred as a result of the failure of any such parties to become Year 2000 compliant.

In response to a specific requirement set forth in a recent Securities and Exchange Commission release, Viad believes that the most reasonably likely worst case scenario would involve the failure by Viad to achieve timely Year 2000 compliance of its remaining systems and/or the failure of third parties to be Year 2000 compliant, which in turn would result in increased costs associated with additional staffing and remediation efforts to address shortfalls in systems compliance and increased costs to meet processing, service and production requirements, all of which could have a material adverse effect on Viad and its results of operations. As a part of its Year 2000 initiative, Viad is developing contingency plans for actions that would need to be taken in the event any critical system of Viad and/or key vendors, service providers, customers and other third parties with whom Viad conducts business was not Year 2000 compliant.

Viad believes, based on information available to date, that it will be able to accomplish its total Year 2000 transition by mid-1999, without any material adverse effect on its business operations, products, financial position or results of operations. However, due to the complexity and pervasiveness of the Year 2000 issues and in particular the uncertainty regarding the compliance programs of third parties, no assurance can be given that successful transition will be achieved by the Year 2000 deadline or that Viad would not suffer any material adverse effect on its business, financial position or results of operations if such changes are not completed timely.

#### **RECENT DEVELOPMENTS:**

In late January 1999, Viad completed the sale of the contract foodservice operations of Restaura, Inc. Viad is retaining Restaura's leisure and entertainment group that includes the restaurant and concession contracts at Bank One Ballpark and America West Arena, as well as Glacier Park, Inc. The sale will be recorded in the first quarter of 1999. Proceeds from the sale will be used to reduce debt and acquire growth businesses in Viad's core subsidiaries.

#### **FORWARD-LOOKING STATEMENTS:**

As provided by the "Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995," Viad cautions readers that, in addition to the historical information contained herein, this Annual Report includes certain forward-looking statements, assumptions and discussions, including those relating to expectations of or current trends in airline traffic, consumer demand, new business, ongoing cost reduction efforts, Year 2000 compliance issues and market risk disclosures. Such statements involve risks and uncertainties which may cause results to differ materially from those set forth in those statements. Among other things, the rate of expansion of flights to new locations, consumer demand patterns, purchasing decisions related to customer demand for convention and event services, existing and new competition, industry alliances, consolidation and growth patterns within the industries in which Viad competes, and the timely achievement of Year 2000 compliance by Viad and third parties with whom Viad conducts business, may individually or in combination impact future results. In addition to the factors mentioned elsewhere, economic, competitive, governmental, technological, capital marketplace and other factors could affect the forward-looking statements contained in this Annual Report.

# VIAD CORP CONSOLIDATED BALANCE SHEET

DECEMBER 31, (000 omitted, except share data)	1998	1997
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 5,197	\$ 12,341
Receivables	128,939	131,620
Inventories	73,059	105,331
Deferred income taxes	38,063	29,444
Other current assets	36,867	29,207
	282,125	307,943
Funds, agents' receivables and current maturities of investments restricted for payment service obligations, after eliminating \$90,000 invested in Viad commercial paper	561,266	617,887
	843,391	925,830
Total current assets	843,391	925,830
Investments restricted for payment service obligations	2,415,588	1,615,464
Property and equipment	467,577	470,052
Other investments and assets	137,599	113,274
Deferred income taxes	70,860	74,659
Intangibles	867,757	531,034
	\$4,802,772	\$3,730,313
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 136,805	\$ 145,641
Accrued compensation	92,460	75,589
Other current liabilities	164,148	134,477
Current portion of long-term debt	3,105	32,291
	396,518	387,998
Payment service obligations	2,999,930	2,248,004
	3,396,448	2,636,002
Total current liabilities	3,396,448	2,636,002
Long-term debt	531,348	377,849
Pension and other benefits	80,752	62,988
Other deferred items and insurance liabilities	138,622	109,323
Commitments and contingent liabilities (Notes N, O and P)		
Minority interests	3,096	8,378
\$4.75 Redeemable preferred stock	6,625	6,612
Common stock and other equity:		
Common stock, \$1.50 par value, 200,000,000 shares authorized, 99,739,925 shares issued	149,610	149,610
Additional capital	327,866	291,414
Retained income	328,305	209,127
Unearned employee benefits and other	(162,543)	(121,968)
Accumulated other comprehensive income:		
Unrealized gain on securities classified as available for sale, net of tax	18,231	13,625
Cumulative translation adjustments	(7,009)	(3,022)
Common stock in treasury, at cost, 344,858 and 516,926 shares	(8,579)	(9,625)
	645,881	529,161
Total common stock and other equity	645,881	529,161
	\$4,802,772	\$3,730,313

See Notes to Consolidated Financial Statements.

## VIAD CORP CONSOLIDATED STATEMENT OF INCOME

YEAR ENDED DECEMBER 31, (000 omitted, except per share data)	1998	1997	1996
REVENUES	\$2,542,135	\$2,417,470	\$2,263,228
Costs and expenses:			
Costs of sales and services	2,303,548	2,199,340	2,061,875
Corporate activities, net	21,913	29,294	33,102
Interest expense	40,818	48,652	53,019
Nonrecurring items:			
Gains on sales of businesses	(54,639)		
Provision for payments previously received pursuant to patent infringement litigation	10,642		
Gain on sale of interest in Phoenix Suns			(30,489)
Spin-off costs and management transition expenses			33,000
Minority interests	2,165	1,237	1,752
	2,324,447	2,278,523	2,152,259
Income before income taxes	217,688	138,947	110,969
Income taxes	67,048	41,153	41,898
INCOME FROM CONTINUING OPERATIONS	150,640	97,794	69,071
Loss from discontinued operations			(40,694)
Income before extraordinary charge	150,640	97,794	28,377
Extraordinary charge for early retirement of debt, net of tax benefit of \$4,554		(8,458)	
NET INCOME	\$ 150,640	\$ 89,336	\$ 28,377
DILUTED INCOME PER COMMON SHARE			
Continuing operations	\$ 1.52	\$ 1.03	\$ 0.74
Discontinued operations			(0.44)
Income before extraordinary charge	1.52	1.03	0.30
Extraordinary charge		(0.09)	
Diluted net income per common share	\$ 1.52	\$ 0.94	\$ 0.30
Average outstanding and potentially dilutive common shares	98,367	93,786	91,339
BASIC INCOME PER COMMON SHARE			
Continuing operations	\$ 1.58	\$ 1.06	\$ 0.76
Discontinued operations			(0.45)
Income before extraordinary charge	1.58	1.06	0.31
Extraordinary charge		(0.09)	
Basic net income per common share	\$ 1.58	\$ 0.97	\$ 0.31
Average outstanding common shares	94,382	90,804	88,814
Dividends declared per common share	\$ 0.32	\$ 0.32	\$ 0.48

See Notes to Consolidated Financial Statements.

## VIAD CORP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, (000 omitted)	1998	1997	1996
NET INCOME	\$150,640	\$ 89,336	\$ 28,377
Other comprehensive income:			
Unrealized gain (loss) on securities classified as available for sale:			
Holding gains (losses) arising during the period, net of tax provision (benefit) of \$7,562, \$11,410 and \$(56)	11,827	17,846	(87)
Reclassification adjustment for net realized gains included in net income, net of tax provision of \$4,617, \$2,830 and \$745	(7,221)	(4,426)	(1,164)
	4,606	13,420	(1,251)
Unrealized foreign currency translation adjustments:			
Holding gains (losses) arising during the period	(4,038)	(2,591)	19
Reclassification adjustment for sales of investments in foreign entities included in net income	51	1,088	12,266
	(3,987)	(1,503)	12,285
Other comprehensive income	619	11,917	11,034
Comprehensive income	\$151,259	\$101,253	\$ 39,411

**See Notes to Consolidated Financial Statements.**

## VIAD CORP CONSOLIDATED STATEMENT OF COMMON STOCK AND OTHER EQUITY

(000 omitted)	Common Shares			Common Stock
	Issued	Employee Equity Trust	Treasury	
BALANCE, DECEMBER 31, 1995	97,109	(6,279)	(2,878)	\$ 145,663
Net income				
Dividends on common and preferred stock				
Distribution of consumer products business to Viad stockholders				
Disposition of Canadian intercity bus transportation business				
Treasury shares issued in connection with dividend reinvestment plan			517	
Employee benefit plans		608	1,200	
Employee Equity Trust adjustment to market value				
Unrealized translation gain				
Unrealized loss on securities classified as available for sale				
Other, net			(2)	
BALANCE, DECEMBER 31, 1996	97,109	(5,671)	(1,163)	145,663
Net income				
Dividends on common and preferred stock				
Treasury shares acquired in connection with dividend reinvestment plan			(90)	
Employee benefit plans		598	797	
Employee Equity Trust adjustment to market value				
Acquisition of subsidiary accounted for as a pooling of interests	2,631			3,947
Unrealized translation loss				
Unrealized gain on securities classified as available for sale				
Other, net			(61)	
BALANCE, DECEMBER 31, 1997	99,740	(5,073)	(517)	149,610
Net income				
Dividends on common and preferred stock				
Employee benefit plans		577	1,081	
Employee Equity Trust adjustment to market value				
Treasury shares acquired			(909)	
Unrealized translation loss				
Unrealized gain on securities classified as available for sale				
Other, net				
BALANCE, DECEMBER 31, 1998	99,740	(4,496)	(345)	\$ 149,610

**See Notes to Consolidated Financial Statements.**

(000 omitted)	Additional Capital	Retained Income	Unearned Employee Benefits and Other
-----			
BALANCE, DECEMBER 31, 1995	\$ 362,205	\$ 322,439	\$ (213,996)
Net income		28,377	
Dividends on common and preferred stock		(43,869)	
Distribution of consumer products business to Viad stockholders	(88,607)	(160,026)	88,607
Disposition of Canadian intercity bus transportation business			
Treasury shares issued in connection with dividend reinvestment plan	3,168		
Employee benefit plans	(7,916)		20,045
Employee Equity Trust adjustment to market value	13,422		(13,422)
Unrealized translation gain			
Unrealized loss on securities classified as available for sale			
Other, net	(69)	(257)	
-----			
BALANCE, DECEMBER 31, 1996	282,203	146,664	(118,766)
Net income		89,336	
Dividends on common and preferred stock		(30,295)	
Treasury shares acquired in connection with dividend reinvestment plan	(329)		
Employee benefit plans	(7,017)		11,591
Employee Equity Trust adjustment to market value	14,793		(14,793)
Acquisition of subsidiary accounted for as a pooling of interests	875	4,382	
Unrealized translation loss			
Unrealized gain on securities classified as available for sale			
Other, net	889	(960)	
-----			
BALANCE, DECEMBER 31, 1997	291,414	209,127	(121,968)
Net income		150,640	
Dividends on common and preferred stock		(31,480)	
Employee benefit plans	(15,422)		11,317
Employee Equity Trust adjustment to market value	51,892		(51,892)
Treasury shares acquired			
Unrealized translation loss			
Unrealized gain on securities classified as available for sale			
Other, net	(18)	18	
-----			
BALANCE, DECEMBER 31, 1998	\$ 327,866	\$ 328,305	\$ (162,543)
=====			

Accumulated Other Comprehensive Income

(000 omitted)	Unrealized Gain on Securities Classified as Available for Sale	Cumulative Translation Adjustments	Subtotal Accumulated Other Comprehensive Income
-----			
BALANCE, DECEMBER 31, 1995	\$ 1,456	\$ (18,380)	\$ (16,924)
Net income			
Dividends on common and preferred stock			
Distribution of consumer products business to Viad stockholders		4,576	4,576
Disposition of Canadian intercity bus transportation business		12,266	12,266
Treasury shares issued in connection with dividend reinvestment plan			
Employee benefit plans			
Employee Equity Trust adjustment to market value			
Unrealized translation gain		19	19
Unrealized loss on securities classified as available for sale	(1,251)		(1,251)
Other, net			
-----			
BALANCE, DECEMBER 31, 1996	205	(1,519)	(1,314)
Net income			
Dividends on common and preferred stock			
Treasury shares acquired in connection with dividend reinvestment plan			
Employee benefit plans			
Employee Equity Trust adjustment to market value			
Acquisition of subsidiary accounted for as a pooling of interests			
Unrealized translation loss		(1,503)	(1,503)
Unrealized gain on securities classified as available for sale	13,420		13,420
Other, net			
-----			
BALANCE, DECEMBER 31, 1997	13,625	(3,022)	10,603
Net income			
Dividends on common and preferred stock			
Employee benefit plans			
Employee Equity Trust adjustment to market value			
Treasury shares acquired			
Unrealized translation loss		(3,987)	(3,987)
Unrealized gain on securities classified as available for sale	4,606		4,606
Other, net			
-----			
BALANCE, DECEMBER 31, 1998	\$ 18,231	\$ (7,009)	\$ 11,222
=====			

(000 omitted)	Common Stock in Treasury	Total
-----		
BALANCE, DECEMBER 31, 1995	\$ (51,218)	\$ 548,169
Net income		28,377
Dividends on common and preferred stock		(43,869)
Distribution of consumer products business to Viad stockholders		(155,450)
Disposition of Canadian intercity bus transportation business		12,266
Treasury shares issued in connection with dividend reinvestment plan	9,417	12,585
Employee benefit plans	19,584	31,713
Employee Equity Trust adjustment to market value		--
Unrealized translation gain		19
Unrealized loss on securities classified as available for sale		(1,251)
Other, net	(15)	(341)
-----		
BALANCE, DECEMBER 31, 1996	(22,232)	432,218
Net income		89,336
Dividends on common and preferred stock		(30,295)
Treasury shares acquired in connection with dividend reinvestment plan	(1,817)	(2,146)
Employee benefit plans	15,410	19,984
Employee Equity Trust adjustment to market value		--
Acquisition of subsidiary accounted for as a pooling of interests		9,204
Unrealized translation loss		(1,503)
Unrealized gain on securities classified as available for sale		13,420
Other, net	(986)	(1,057)
-----		
BALANCE, DECEMBER 31, 1997	(9,625)	529,161
Net income		150,640
Dividends on common and preferred stock		(31,480)
Employee benefit plans	24,027	19,922
Employee Equity Trust adjustment to market value		--
Treasury shares acquired	(22,979)	(22,979)
Unrealized translation loss		(3,987)
Unrealized gain on securities classified as available for sale		4,606
Other, net	(2)	(2)
-----		
BALANCE, DECEMBER 31, 1998	\$ (8,579)	\$ 645,881
=====		

## VIAD CORP CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, (000 omitted)	1998	1997	1996
<b>CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Net income	\$ 150,640	\$ 89,336	\$ 28,377
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	85,896	78,501	74,444
Deferred income taxes	(905)	846	8,685
Spin-off costs and management transition expenses			33,000
Loss from discontinued operations			40,694
Extraordinary charge for early retirement of debt		8,458	
Gains on sales of businesses, property and other assets, net	(72,885)	(17,341)	(42,382)
Other noncash items, net	15,227	10,352	13,774
Change in operating assets and liabilities:			
Receivables and inventories	(26,964)	(21,057)	10,356
Payment service assets and obligations, net	779,217	466,559	236,736
Accounts payable and accrued compensation	24,683	13,097	38,472
Other assets and liabilities, net	(38,053)	(44,188)	(73,896)
<b>Net cash provided by operating activities</b>	<b>916,856</b>	<b>584,563</b>	<b>368,260</b>
<b>CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES</b>			
Capital expenditures	(77,317)	(107,973)	(82,149)
Purchase of asset previously leased		(20,986)	
Acquisitions of businesses, net of cash acquired	(351,900)	(19,017)	(21,731)
Proceeds from sales of businesses, property and other assets, net	194,247	205,059	62,061
Investments restricted for payment service obligations:			
Proceeds from sales and maturities of securities classified as available for sale	839,128	819,813	581,192
Proceeds from maturities of securities classified as held to maturity	103,231	48,201	25,584
Purchases of securities classified as available for sale	(1,602,002)	(1,141,753)	(630,685)
Purchases of securities classified as held to maturity	(96,309)	(191,340)	(241,616)
Investments in and advances (to) from discontinued operations, net		(21,337)	33,156
<b>Net cash used by investing activities</b>	<b>(990,922)</b>	<b>(429,333)</b>	<b>(274,188)</b>
<b>CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES</b>			
Proceeds from long-term borrowings	3,926		
Payments on long-term borrowings	(32,639)	(76,046)	(77,615)
Premium paid upon early retirement of debt		(13,012)	
Net change in short-term borrowings classified as long-term debt	150,000	(34,000)	(12,888)
Dividends on common and preferred stock	(31,480)	(30,295)	(43,869)
Proceeds from issuances of treasury stock	17,216	12,466	40,032
Common stock purchased for treasury	(22,979)		
Cash payments on interest rate swap agreements related to debt	(17,122)	(6,424)	(13,255)
<b>Net cash provided (used) by financing activities</b>	<b>66,922</b>	<b>(147,311)</b>	<b>(107,595)</b>
Net increase (decrease) in cash and cash equivalents	(7,144)	7,919	(13,523)
Cash and cash equivalents, beginning of year	12,341	4,422	17,945
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 5,197</b>	<b>\$ 12,341</b>	<b>\$ 4,422</b>

**See Notes to Consolidated Financial Statements.**

## Viad Corp Notes to Consolidated Financial Statements

Years ended December 31, 1998, 1997 and 1996

### A. SIGNIFICANT ACCOUNTING POLICIES

**PRINCIPLES OF CONSOLIDATION.** The Consolidated Financial Statements of Viad Corp ("Viad") include the accounts of Viad and all of its subsidiaries.

The Consolidated Financial Statements are prepared in accordance with generally accepted accounting principles, which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported results of operations during the period. Actual results may vary from those estimates.

Intercompany accounts and transactions between Viad and its subsidiaries have been eliminated in consolidation. Described below are those accounting policies significant to Viad, including those selected from acceptable alternatives.

**CASH EQUIVALENTS.** Viad considers all highly liquid investments with original maturities of three months or less as cash equivalents.

**INVENTORIES.** Inventories, which consist primarily of exhibit materials, food and supplies used in providing services, are stated at the lower of cost (first-in, first-out and average cost methods) or market.

**FUNDS AND AGENTS' RECEIVABLES AND INVESTMENTS RESTRICTED FOR PAYMENT SERVICE OBLIGATIONS.** A Viad payment services subsidiary generates funds from the sale of money orders and other payment instruments (with the related liability classified as "Payment service obligations"). The proceeds of such sales are invested primarily in permissible securities, principally debt instruments (classified, along with cash on hand and cash in transit from agents, as "Funds, agents' receivables and current maturities of investments restricted for payment service obligations"), which before consolidating eliminations, included investment-grade commercial paper issued by Viad and supported along with the rest of Viad's outstanding commercial paper by a credit commitment under a long-term revolving bank credit agreement, as described in Note I; and in a portfolio of high-quality, longer-term debt instruments (approximately 99% of the investments at December 31, 1998, have ratings of A- or higher or are collateralized by federal agency securities), including federal, state and municipal obligations, asset-backed securities and corporate debt securities (classified as "Investments restricted for payment service obligations"). These investments are restricted by state regulatory agencies for use by Viad's payment services subsidiary to satisfy the liability to pay, upon presentment, the face amount of such payment service obligations. Accordingly, such restricted assets are not available to satisfy working capital or other financing requirements of Viad.

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities," Viad classifies securities as either available for sale or held to maturity.

**LONG-LIVED ASSETS.** Viad reviews the carrying values of its long-lived assets and identifiable intangibles for possible impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable in accordance with the provisions of SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of."

**PROPERTY AND EQUIPMENT.** Property and equipment are stated at cost, net of impairment write-downs and accumulated depreciation. Property and equipment are depreciated principally over the following useful lives: buildings, from 15 to 40 years; equipment, from 3 to 10 years; and leasehold improvements over the lesser of the lease term or useful life.

**INTANGIBLES.** Intangibles are carried at cost less accumulated amortization. Intangibles are amortized on the straight-line method over the estimated lives or periods of expected benefit, but not in excess of 40 years. Viad evaluates the carrying value of goodwill and other intangible assets at each reporting period for possible impairment in accordance with the provisions of SFAS No. 121.

**PENSION AND OTHER BENEFITS.** Trusteed, noncontributory pension plans cover a significant portion of employees, with benefit levels supplemented in most cases by defined matching company stock contributions to employees' 401(k) plans. The 401(k) plans are available to almost all employees, including those not covered by the defined benefit plans. Defined benefits are based primarily on final average pay and years of service. Funding policies provide that payments to defined benefit pension trusts shall be at least equal to the minimum funding required by applicable regulations. Certain defined pension benefits, primarily those in excess of benefit levels permitted under qualified pension plans, are unfunded.

Viad has unfunded 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.

**DERIVATIVES.** Derivatives are used as part of Viad's risk management strategy to manage exposure to fluctuations in interest rates. Derivatives are not used for speculative purposes. Amounts receivable or payable under swap agreements are accrued and recognized as an adjustment to the expense of the related transaction.

In June 1998, the Financial Accounting Standards Board ("FASB") issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133, which will be effective for Viad's financial statements as of January 1, 2000, requires that entities record all derivatives as assets or liabilities, measured at fair value, with the change in fair value recognized in earnings or in other comprehensive income, depending on the use of the derivative and whether it qualifies for hedge accounting. Viad is in the process of evaluating the impact which will result upon adoption of this standard.

**STOCK-BASED COMPENSATION.** As permitted by SFAS No. 123, "Accounting for Stock-Based Compensation," Viad uses the intrinsic value method prescribed by APB No. 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for its stock-based compensation plans.

**NET INCOME PER COMMON SHARE.** Employee Stock Ownership Plan ("ESOP") shares are treated as outstanding for net income per share calculations. Shares held by the Employee Equity Trust (the "Trust") are not considered outstanding for net income per share calculations until the shares are released from the Trust.

**RECLASSIFICATIONS.** Certain prior year amounts have been reclassified to conform with the 1998 presentation.

## B. ACQUISITIONS OF BUSINESSES

Effective June 1, 1998, Viad acquired MoneyGram Payment Systems, Inc. ("MoneyGram"), a provider of consumer money wire transfer services. Also during 1998, Viad acquired an airline catering flight kitchen as well as several convention and event services companies.

During 1997, Viad acquired an airline catering flight kitchen and several payment services businesses, including the nation's largest processor of rebate checks and a regional money order business. In addition, in December 1997, Viad acquired all of the common stock of Game Financial Corporation ("Game") in exchange for 2,631,000 shares of Viad's common stock. Game provides cash access services to casinos and other gaming establishments. The Game acquisition was accounted for as a pooling of interests.

During 1996, Viad purchased two convention and event services companies and the remaining interest in two airline catering joint ventures. Viad also acquired the remaining minority interest in its Canadian tourism business, Brewster Transport Company Limited, in a noncash exchange, as described in Note D.

Except for the Game pooling, the acquisitions were accounted for as purchases. The purchase prices, including acquisition costs, were allocated to the net tangible and identifiable intangible assets acquired based on estimated fair values at the dates of the acquisitions. The difference between the purchase prices and the related fair values of net assets acquired represents goodwill. Viad is still gathering certain information required to complete the allocation of the MoneyGram purchase price. Further adjustments may arise as a result of this analysis.

The accompanying financial statements include the accounts and results of operations from the dates of acquisition. The results of operations of the acquired companies from the beginning of the year to the dates of acquisition are not material to the consolidated results of operations. In addition, prior period financial statements have not been restated for the pooling of interests, as the results of Game for such periods were not significant.

Net cash paid, assets acquired and debt and other liabilities assumed in all acquisitions of businesses accounted for as purchases for the years ended December 31 were as follows:

(000 omitted)	1998	1997	1996
Assets acquired:			
Property and equipment	\$ 19,008	\$ 3,119	\$ 3,813
Intangibles, primarily goodwill(1)	362,996	15,710	16,620
Other assets	41,873	188	9,517
Debt and other liabilities assumed	(71,977)		(8,219)
Net cash paid	\$351,900	\$19,017	\$21,731

(1) Excludes additional goodwill of \$15,688,000 recorded in 1996 in connection with the acquisition of the remaining minority interest in the Canadian tourism business in a noncash exchange.

## C. NONRECURRING ITEMS

Effective April 1, 1998, Viad sold its Aircraft Services International Group ("ASIG"), which conducted aircraft fueling and ground-handling operations. After repaying short-term borrowings with proceeds of the sale, Viad terminated related interest rate swap agreements. The gain on the sale of ASIG, after deducting costs of sale and related expense provisions, was \$21,155,000 (\$13,201,000 after-tax).

On September 15, 1998, Viad completed the sale of its duty-free and shipboard concessions business, Greyhound Leisure Services, Inc. ("GLSI"). The gain on sale, after deducting costs of sale and related expense provisions, was \$26,684,000 (\$15,650,000 after-tax).

In the fourth quarter of 1998, Viad obtained release of all guarantees and bonding relating to its former United Kingdom travel and tour subsidiaries, Crystal Holidays and Jetsave, which had been sold in October 1997. Accordingly, the gain on sale of these subsidiaries, which was deferred pending resolution of the contingencies, was recognized in 1998's fourth quarter. The gain on sale of Crystal Holidays and Jetsave, after deducting costs of sale and related expense provisions, was \$6,800,000 (\$4,004,000 after-tax).

On January 27, 1999, Viad sold the contract foodservice operations of Restaura, Inc. Viad is retaining the leisure and entertainment group that includes the restaurant and concession contracts at Bank One Ballpark and America West Arena, as well as Glacier Park, Inc. The sale will be recorded in the first quarter of 1999.

Results of operations of the sold companies up to dates of sale are summarized in Note Q.

Following protracted efforts, including formal mediation, to settle patent infringement litigation initiated by Viad's payment services subsidiary, Travelers Express Company, Inc. ("TECI"), against Integrated Payment Systems ("IPS"), a subsidiary of First Data Corporation, TECI petitioned the Federal District Court in May 1998 to set aside a settlement term sheet entered into over three years previously because of the parties' failure to agree on final settlement terms. At the same time, TECI tendered back to IPS amounts which IPS had paid to TECI pursuant to the term sheet. The Court granted TECI's motion and set a future trial date for its patent infringement lawsuit against IPS. While TECI expects a favorable outcome, the timing and amount of recovery pursuant to litigation cannot be assured. Accordingly, TECI recorded a one-time provision in the second quarter of 1998 for payments received from IPS and recorded as income in prior years, plus interest thereon and related expenses totaling \$10,642,000 (\$6,917,000 after-tax).

On December 31, 1996, Viad sold its 26 percent limited partnership interest in the Phoenix Suns National Basketball Association team. The gain, after deducting transaction costs and carrying amount of the investment, was \$30,489,000 (\$19,025,000 after-tax).

As discussed in Note D, on August 15, 1996, Viad completed the spin-off of its consumer products business to stockholders. Spin-off costs and management transition expenses totaling \$33,000,000 (\$28,985,000 after-tax) were recorded as expenses of continuing operations. In addition, \$5,000,000 of such costs, without tax benefit, were allocated to the consumer products business and are classified as discontinued operations expense. These charges are comprised primarily of spin-off transaction costs, professional fees and compensation required by certain former executive officers' employment contracts.

## D. DISCONTINUED OPERATIONS

On August 15, 1996, Viad completed the spin-off of its consumer products business, now conducted under the name The Dial Corporation. In effecting the spin-off, the holders of common stock of Viad received a distribution (the "Distribution") of one share of common stock of The Dial Corporation for each share of Viad common stock.

In connection with the Distribution, Viad borrowed \$280,000,000 under a new \$350,000,000 bank credit facility and used the proceeds to repay floating-rate indebtedness of Viad. The credit facility and related liability were then assumed by The Dial Corporation upon the spin-off. Viad also transferred a variable-to-fixed interest rate swap agreement in the notional amount of \$65,000,000 to The Dial Corporation. Interest expense of \$13,096,000 in 1996 was allocated to the consumer products business based on interest on the debt and interest rate swap assumed by The Dial Corporation.

Effective May 31, 1996, shareholders of Greyhound Lines of Canada ("GLOC") voted to separate its intercity bus transportation business and its tourism business into two independent companies. At the same time, GLOC minority shareholders approved an automatic share exchange proposal whereby their ownership interests in the tourism business, aggregating 31.5 percent, were exchanged for Viad's 68.5 percent ownership interest in the intercity bus transportation company such that Viad became the owner of 100 percent of the tourism company, Brewster Transport Company Limited, in exchange for its ownership in the intercity bus transportation company.

In February 1997, Viad's Board of Directors approved plans to dispose of Viad's cruise line business, operated by Premier Cruise Lines. In March 1997, Viad sold the Star/Ship Atlantic, and on April 17, 1997, Viad finalized the sale of Premier Cruise Lines.

Revenues applicable to the operations of the discontinued consumer products, Canadian intercity bus transportation and cruise line businesses totaled \$998,792,000 in 1996.

The caption "Loss from discontinued operations" in the Consolidated Statement of Income for the year ended December 31, 1996, includes the following:

(000 omitted)	
-----	
Consumer products business income from operations, net of tax provision of \$22,817(1)	\$ 30,620
-----	
Canadian intercity bus transportation business:	
Loss from operations, net of tax benefit of \$510	(583)
Transaction costs, loss on disposition and foreign currency translation losses(2)	(15,866)
-----	
	(16,449)
-----	
Cruise line business:	
Loss from operations, net of tax benefit of \$174	(70)
Provision for loss on disposal, net of tax benefit of \$19,250(3)	(35,750)
-----	
	(35,820)
-----	
Provisions related to previously discontinued businesses, net of tax benefit of \$10,955(4)	(19,045)
-----	
Loss from discontinued operations	\$ (40,694)
=====	

(1) After spin-off costs and management transition expenses of \$5,000,000, without tax benefit.

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

(3) Includes a \$1,950,000 (after-tax) provision for operating losses during the phase-out period.

(4) Represents additional provisions for self insurance, legal and remediation matters arising from previously discontinued businesses.

## E. EARNINGS PER SHARE

The following is a reconciliation of the numerators and denominators of diluted and basic per share computations for income from continuing operations as required by SFAS No. 128, "Earnings Per Share":

(000 omitted, except per share data)	1998	1997	1996
Income from continuing operations	\$150,640	\$97,794	\$69,071
Less: Preferred stock dividends	(1,129)	(1,127)	(1,125)
Income available to common stockholders	\$149,511	\$96,667	\$67,946
Average outstanding common shares	94,382	90,804	88,814
Additional dilutive shares related to stock-based compensation	3,985	2,982	2,525
Average outstanding and potentially dilutive common shares	98,367	93,786	91,339
Diluted income per share from continuing operations	\$1.52	\$1.03	\$0.74
Basic income per share from continuing operations	\$1.58	\$1.06	\$0.76

## F. INVESTMENTS IN DEBT AND EQUITY SECURITIES

As discussed in Note A, a Viad payment services subsidiary generates funds from the issuance of money orders and other payment instruments, with the related liability classified as "Payment service obligations." The funds are invested primarily in permissible securities, principally debt instruments. Such investments, along with related cash and funds in transit, are restricted by state regulatory agencies for use by the subsidiary to satisfy the liability to pay, upon presentment, the face amount of such payment service obligations. Accordingly, such restricted assets are not available to satisfy working capital or other financing requirements of Viad. Securities are included in the Consolidated Balance Sheet under the caption, "Investments restricted for payment service obligations," except for those securities expected to be sold or maturing within one year, which are included under the caption, "Funds, agents' receivables and current maturities of investments restricted for payment service obligations."

The following is a summary of amounts related to the payment service obligations, including excess funds, at December 31:

(000 omitted)	1998	1997
-----		
Restricted assets:		
Funds, agents' receivables and current maturities of investments restricted for payment service obligations, including \$90,000 invested in Viad commercial paper(1)	\$ 651,266	\$ 707,887
Investments restricted for payment service obligations(2)	2,415,588	1,615,464
-----		
Payment service obligations	3,066,854	2,323,351
	2,999,930	2,248,004
-----		
Asset carrying amounts in excess of 1:1 funding coverage of payment service obligations(2)	\$ 66,924	\$ 75,347
=====		

(1) See Note I for description of Viad's revolving bank credit agreement, which supports its commercial paper obligations.

(2) The fair value of investments restricted for payment service obligations (less current maturities) was \$2,432,431,000 and \$1,626,321,000 at December 31, 1998 and 1997, respectively; the aggregate fair value of restricted assets was \$3,083,697,000 and \$2,334,208,000 at December 31, 1998 and 1997, respectively; and the aggregate fair value of restricted assets in excess of 1:1 funding coverage of payment service obligations was \$83,767,000 and \$86,204,000 at December 31, 1998 and 1997, respectively.

Securities are classified as available for sale or held to maturity as required by SFAS No. 115.

Viad regularly monitors credit and market risk exposures and takes steps to mitigate the likelihood of these exposures resulting in actual loss. Although Viad's investment portfolio exposes Viad to certain credit risks, Viad believes the high quality of its investments reduces this risk substantially (approximately 99% of the investments at December 31, 1998 have ratings of A- or higher or are collateralized by federal agency securities).

**SECURITIES CLASSIFIED AS AVAILABLE FOR SALE.** Securities that are being held for indefinite periods of time, including those securities which may be sold in response to needs for liquidity or changes in interest rates, are classified as securities available for sale and are carried at fair value. The net unrealized holding gains of \$18,231,000 and \$13,625,000 (net of deferred tax liability of \$11,656,000 and \$8,710,000, respectively) at December 31, 1998 and 1997, respectively, are included in the Consolidated Balance Sheet as a component of "Accumulated other comprehensive income." The increase in the unrealized gain during 1998 and 1997 was due principally to decreases in longer-term market interest rates.

A summary of securities classified as available for sale at December 31, 1998 is presented below:

(000 omitted)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
-----				
U.S. Government agencies	\$ 16,193	\$ 2	\$ 14	\$ 16,181
Obligations of states and political subdivisions	954,237	30,613	397	984,453
Corporate debt securities	16,937		2,963	13,974
Mortgage-backed and other asset-backed securities	778,417	7,306	2,789	782,934
Preferred stock	80,360	700	2,571	78,489
-----				
Securities classified as available for sale	\$1,846,144	\$38,621	\$ 8,734	\$1,876,031
=====				

A summary of securities classified as available for sale at December 31, 1997 is presented below:

(000 omitted)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Obligations of states and political subdivisions	\$ 616,826	\$19,796	\$ 19	\$ 636,603
Corporate debt securities	21,913	7	1,865	20,055
Mortgage-backed and other asset-backed securities	393,140	3,301	254	396,187
Preferred stock	42,492	1,433	64	43,861
Securities classified as available for sale	\$1,074,371	\$24,537	\$2,202	\$1,096,706

Gross gains of \$11,843,000, \$7,986,000 and \$3,039,000 were realized during 1998, 1997 and 1996, respectively. Gross losses of \$5,000, \$730,000 and \$1,130,000 were realized during 1998, 1997 and 1996, respectively. Gross gains and losses are based on the specific identification method of determining cost.

SECURITIES CLASSIFIED AS HELD TO MATURITY. Securities classified as held to maturity, which consist of securities that management has the ability and intent to hold to maturity, are carried at amortized cost, and are summarized as follows at December 31, 1998:

(000 omitted)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government agencies	\$ 55,059	\$ 441	\$ 30	\$ 55,470
Obligations of states and political subdivisions	350,374	15,573	112	365,835
Corporate debt securities	20,507	193	33	20,667
Mortgage-backed and other asset-backed securities	120,743	1,384	316	121,811
Other securities	3,018		137	2,881
Securities classified as held to maturity	\$549,701	\$17,591	\$628	\$566,664

A summary of securities classified as held to maturity at December 31, 1997, is presented below:

(000 omitted)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government agencies	\$ 57,110	\$ --	\$ 563	\$ 56,547
Obligations of states and political subdivisions	307,652	11,293	48	318,897
Corporate debt securities	55,707		397	55,310
Mortgage-backed and other asset-backed securities	125,273	985	86	126,172
Other securities	3,031		460	2,571
Securities classified as held to maturity	\$548,773	\$12,278	\$1,554	\$559,497

SCHEDULED MATURITIES. Scheduled maturities of securities at December 31, 1998 is presented below:

(000 omitted)	Available for Sale		Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in:				
1999	\$ 2,790	\$ 2,792	\$ 7,352	\$ 7,472
2000-2003	30,012	29,402	58,260	58,690
2004-2008	330,576	341,420	94,880	97,929
2009 and later	624,786	641,791	268,466	280,762
Mortgage-backed and other asset-backed securities	777,620	782,137	120,743	121,811
Preferred stock	80,360	78,489		

\$1,846,144    \$1,876,031    \$549,701    \$566,664  
=====

Actual maturities may differ from scheduled maturities because the borrowers have the right to call or prepay certain obligations, sometimes without penalties. Maturities of mortgage-backed and other asset-backed securities depend on the repayment characteristics and experience of the underlying obligations.

## G. PROPERTY AND EQUIPMENT

Property and equipment at December 31 consisted of the following:

(000 omitted)	1998	1997
Land	\$ 31,242	\$ 35,779
Buildings and leasehold improvements	279,242	257,134
Equipment	532,331	567,463
	842,815	860,376
Less accumulated depreciation	375,238	390,324
Property and equipment	\$467,577	\$470,052

## H. INTANGIBLES

Intangibles at December 31 consisted of the following:

(000 omitted)	1998	1997
Goodwill	\$ 935,691	\$577,434
Other intangibles	69,183	72,605
	1,004,874	650,039
Less accumulated amortization	137,117	119,005
Intangibles	\$ 867,757	\$531,034

## I. DEBT

Long-term debt at December 31 was as follows:

(000 omitted)	1998	1997
Senior debt:(1)		
Short-term borrowings:		
Promissory notes, 5.8% (1998) and 6.2% (1997) weighted average interest rate at December 31	\$148,000	\$ 50,000
Commercial paper, 5.8% weighted average interest rate at December 31(2)	52,000	
Senior notes, 6.2% weighted average interest rate at December 31, due to 2009	269,711	299,647
Guarantee of ESOP debt, floating rate indexed to LIBOR, 4.6% (1998) and 5.0% (1997) at December 31, due to 2009	22,000	24,000
Real estate mortgages and other obligations, 5.7% (1998) and 5.4% (1997) weighted average interest rate at December 31, due to 2016	24,239	17,990
	515,950	391,637
Subordinated debt, 10.5% debentures, due 2006	18,503	18,503
Total debt	534,453	410,140
Less current portion	3,105	32,291
Long-term debt	\$531,348	\$377,849

(1) Rates shown are exclusive of the effects of commitment fees and other costs of long-term revolving bank credit used to support short-term borrowings, and for 1997, exclusive of the effects of interest rate swap agreements related to certain short-term and long-term borrowings.

(2) After eliminating \$90,000,000 of commercial paper issued by Viad to a payment services subsidiary.

Viad satisfies its short-term borrowing requirements with bank lines of credit and the issuance of commercial paper and promissory notes. At December 31, 1998, outstanding promissory notes and commercial paper, including the commercial paper issued to a Viad payment services subsidiary, are supported by unused commitments under a \$300,000,000 long-term revolving bank credit agreement, which expires on August 15, 2002. Annually, at Viad's request and with the participating banks' consent, the term of the agreement may be extended for another one-year period. The interest rate applicable to borrowings under the \$300,000,000 credit commitment is, at Viad's option, indexed to the bank prime rate or the London Interbank Offering Rate ("LIBOR"), plus appropriate spreads over such indices during the period of the credit agreement. The agreement also provides for commitment fees. Such spreads and fees will change moderately should Viad's debt ratings change. Viad, in the event that it becomes advisable, intends to exercise its right under the agreement to borrow for the purpose of refinancing short-term borrowings; accordingly, short-term borrowings totaling \$200,000,000 and \$50,000,000 at December 31, 1998 and 1997, respectively, have been classified as long-term debt.

Annual maturities of long-term debt due in the next five years will approximate \$3,105,000 (1999), \$32,810,000 (2000), \$68,588,000 (2001), \$242,609,000 (2002), \$102,459,000 (2003) and \$84,882,000 thereafter. Included in the year 2002 is \$200,000,000 which represents the maturity of short-term borrowings assuming they had been refinanced utilizing the revolving credit facility described above.

Viad previously entered into (a) interest rate swap agreements which converted floating interest rates on existing and anticipated replacement short-term borrowings into fixed interest rates ("variable-to-fixed swaps") and (b) interest rate swap agreements which converted fixed interest rates on a portion of the Senior notes into floating interest rates ("fixed-to-variable swaps"). The net effect of such interest rate swap agreements was to increase interest expense by \$2,296,000, \$5,041,000 and \$3,404,000 for 1998, 1997 and 1996, respectively. As discussed in Note C, after repaying short-term borrowings with proceeds from the sale of ASIG, Viad terminated related interest rate swap agreements. At December 31, 1998, there were no interest rate swap agreements used to hedge debt obligations.

The weighted average interest rate on total debt, inclusive of the effect of interest rate swap agreements and excluding interest expense unrelated to debt obligations, was 6.7%, 7.5% and 7.8% for 1998, 1997 and 1996, respectively. Excluding the interest rate swap agreements, the weighted average interest rate related to debt obligations was 6.3%, 6.5% and 7.4% for 1998, 1997 and 1996, respectively.

Interest paid in 1998, 1997 and 1996 was \$38,427,000, \$40,211,000 and \$61,402,000, respectively, including amounts charged to discontinued operations in 1996.

Under a Shelf Registration filed in 1994 with the Securities and Exchange Commission, Viad can issue up to an aggregate \$500,000,000 of debt and equity securities. No securities have been issued under the program.

Viad's long-term debt agreements include various restrictive covenants and require the maintenance of certain defined financial ratios with

which Viad is in compliance.

## J. PREFERRED STOCK AND COMMON STOCK AND OTHER EQUITY

Viad has 442,352 shares of \$4.75 Preferred Stock authorized, of which 358,352 shares are issued. The holders of the \$4.75 Preferred Stock are entitled to a liquidation preference of \$100 per share and to annual cumulative sinking fund redemptions of 6,000 shares. Viad presently holds 123,373 shares which will be applied to this sinking fund requirement; the 234,979 shares held by others are scheduled to be redeemed in the years 2019 to 2058. In addition, Viad has authorized 5,000,000 and 2,000,000 shares of Preferred Stock and Junior Participating Preferred Stock, respectively.

Viad has one Preferred Stock Purchase Right ("Right") outstanding on each outstanding share of its common stock. The Rights contain provisions to protect stockholders in the event of an unsolicited attempt to acquire Viad which is not believed by the Board of Directors to be in the best interest of stockholders. The Rights are represented by the common share certificates and are not exercisable or transferable apart from the common stock until such a situation arises. The Rights may be redeemed by Viad at \$0.025 per Right prior to the time any person or group has acquired 20% or more of Viad's shares. Viad has reserved 1,000,000 shares of Junior Participating Preferred Stock for issuance in connection with the Rights.

Viad funds a portion of its matching contributions to employees' 401(k) plans through a leveraged ESOP. All eligible employees of Viad and its participating affiliates, other than certain employees covered by collective bargaining agreements that do not expressly provide for participation of such employees in an ESOP, may participate in the ESOP.

The ESOP borrowed \$40,000,000 to purchase treasury shares in 1989. The ESOP's obligation to repay this borrowing is guaranteed by Viad; therefore, the unpaid balance of the borrowing (\$22,000,000 and \$24,000,000 at December 31, 1998 and 1997, respectively) has been reflected in the accompanying balance sheet as long-term debt. The same amounts, representing unearned employee benefits, have been recorded as a deduction from common stock and other equity. The liability is reduced as the ESOP repays the borrowing, and the amount in common stock and other equity is reduced as the employee benefits are charged to expense. The ESOP intends to repay the loan (plus interest) using Viad contributions and dividends received on the shares of common stock held by the ESOP.

Information regarding ESOP transactions for the years ended December 31 was as follows:

(000 omitted)	1998	1997	1996
-----			
Amounts paid by ESOP for:			
Debt repayment	\$2,000	\$2,000	\$2,000
Interest	1,098	1,187	1,200
Amounts received from Viad as:			
Dividends	884	856	999
Contributions	2,205	2,226	2,064

Shares are released for allocation to participants based upon the ratio of the year's principal and interest payments to the sum of the total principal and interest payments expected over the remaining life of the plan. Expense of the ESOP is recognized based upon the greater of cumulative cash payments to the plan or 80% of the cumulative expense that would have been recognized under the shares allocated method, in accordance with Emerging Issues Task Force Abstract No. 89-8, "Expense Recognition for Employee Stock Ownership Plans." Under this method, Viad has recorded expense of \$2,205,000, \$2,123,000 and \$2,138,000 in 1998, 1997 and 1996, respectively.

Unallocated shares held by the ESOP totaled 2,575,000 and 2,867,000 at December 31, 1998 and 1997, respectively. Shares allocated during 1998 and 1997 totaled 292,000 and 297,000, respectively.

In 1992, Viad sold treasury stock to Viad's Employee Equity Trust (the "Trust") for a \$200,000,000 promissory note. The Trust is used to fund certain existing employee compensation and benefit plans. For financial reporting purposes, the Trust is consolidated with Viad and the promissory note (\$43,315,000 at December 31, 1998) and dividend and interest transactions are eliminated in consolidation. The fair market value of the 4,495,736 remaining shares held by the Trust at December 31, 1998, representing employee benefits, is shown as a deduction from common stock and other equity and is reduced as employee benefits are funded. The difference between the cost and fair value of shares held is included in additional capital. Related unearned employee benefits at December 31, 1998 and 1997 were \$136,558,000 and \$97,968,000, respectively.

At December 31, 1998, retained income of \$169,736,000 was unrestricted as to payment of dividends by Viad. A total of 94,899,331 common shares were issued and outstanding for income per share calculations at December 31, 1998, after deducting treasury shares and the Trust shares.

## K. STOCK-BASED COMPENSATION

In 1997, stockholders adopted the 1997 Viad Corp Omnibus Incentive Plan ("Omnibus Plan"). The Omnibus Plan, which replaced prior incentive plans, provides for the following types of awards to officers, directors and certain key employees: (a) stock options (both incentive stock options and nonqualified stock options); (b) stock appreciation rights ("SARs"); (c) restricted stock; and (d) performance-based awards. The number of shares available for grant under the Omnibus Plan in each calendar year is equal to 2% of the total number of shares of common stock outstanding as of the first day of each year. Any shares available for grant in a particular calendar year which are not, in fact, granted in such year shall be added to the shares available for grant in any subsequent calendar year. In addition, no more than 7,500,000 shares of common stock will be cumulatively available for incentive stock option grants over the life of the Omnibus Plan.

Stock options are granted for terms of ten years at an exercise price based on the market value at the date of grant. Stock options are exercisable 50% after one year with the balance exercisable after two years from the date of grant.

SARs and Limited SARs ("LSARs") were granted, with terms of ten years, under the 1983 Stock Option and Incentive Plan. SARs are exercisable under the same terms as stock options, while LSARs vest fully at date of grant and are exercisable only for a limited period (in the event of certain tender or exchange offers for Viad's common stock). SARs and/or LSARs are issued in tandem with certain stock options and the exercise of one reduces, to the extent exercised, the number of shares represented by the other(s). SAR exercises totaled 2,812 and 131,520 shares in 1997 and 1996, respectively. There were no SARs exercised in 1998.

Performance-based stock awards (97,600, 120,900 and 141,700 shares awarded in 1998, 1997 and 1996, respectively, at an estimated fair value per share of \$24.78, \$18.34 and \$13.88, respectively) vest at the end of a three-year period from the date of grant, based on total shareholder return relative to the applicable stock index and the proxy comparator groups specified at the time of each award. Vested shares with respect to performance periods beginning in 1995, 1994 and 1993 totaled 83,226 in 1998, 109,787 in 1997 and 39,596 in 1996, respectively. Throughout the performance period, holders of the performance-based stock have the right to receive dividends and vote the shares but may not sell, assign, transfer, pledge or otherwise encumber the stock.

Information with respect to stock options for the years ended December 31, at historical number of shares and option exercise prices, is as follows:

	Shares	Weighted Average Exercise Price(1)
Options outstanding at December 31, 1995	8,275,924	\$18.55
Before spin-off of the consumer products business:		
Granted	50,000	28.75
Exercised	(1,488,373)	15.44
Canceled	(159,070)	15.20
Modification due to the Distribution, net(3)	1,968,392	N/A
After spin-off of the consumer products business:		
Granted	1,691,100	13.88
Exercised	(236,229)	9.26
Canceled	(78,837)	12.80
Options outstanding at December 31, 1996(2)	10,022,907	10.82
Granted	1,143,100	18.33
Conversion of Game options(4)	235,228	7.95
Exercised	(1,391,630)	9.73
Canceled	(202,578)	13.91
Options outstanding at December 31, 1997(2)	9,807,027	11.72
Granted	962,100	24.79
Exercised	(1,883,697)	10.05
Canceled	(163,511)	18.84
Options outstanding at December 31, 1998(2)	8,721,919	13.38

(1) Weighted average exercise prices for 1995 and 1996 up to the date of modification are based on original grant pricing before modification due to the Distribution described in Note D.

(2) Options exercisable totaled 7,342,669 shares, 8,052,840 shares and 7,580,872 shares at December 31, 1998, 1997 and 1996, respectively.

(3) Net of options surrendered by employees of Viad who became employees of The Dial Corporation after the Distribution.

(4) Existing Game options were converted into options to purchase Viad shares upon the acquisition of Game (see Note B). The original number of Game stock options and exercise prices were adjusted to reflect the acquisition exchange ratio.

The following tables summarize information concerning stock options outstanding and exercisable at December 31, 1998:

### Options Outstanding

Weighted

Range of Exercise Prices	Shares	Weighted Remaining Contractual Life	Average Exercise Price
\$3.93 to \$7.54	1,201,668	1.9 years	\$ 6.90
\$9.33 to \$12.22	3,209,057	4.0 years	10.96
\$13.05 to \$18.06	2,411,500	6.2 years	13.51
\$18.34 to \$25.25	1,899,694	8.8 years	21.41
	-----		
\$3.93 to \$25.25	8,721,919	5.4 years	13.38
	=====		

Options Exercisable

Range of Exercise Prices	Shares	Weighted Average Exercise Price
\$3.93 to \$7.54	1,201,668	\$ 6.90
\$9.33 to \$12.22	3,209,057	10.96
\$13.05 to \$18.06	2,404,700	13.50
\$18.34 to \$25.25	527,244	18.56
	-----	
\$3.93 to \$25.25	7,342,669	11.67
	=====	

Viad applies APB No. 25 and related interpretations in accounting for its stock-based compensation plans. Accordingly, no compensation expense has been recognized for its stock-based compensation plans other than for performance-based stock awards and SAR exercises, which gave rise to compensation expense aggregating \$3,753,000, \$3,858,000 and \$4,444,000 in 1998, 1997 and 1996, respectively.

Assuming Viad had recognized compensation cost for stock options and performance-based stock awards in accordance with the fair value method of accounting defined in SFAS No. 123, income from continuing operations and diluted income per share from continuing operations would be as presented in the accompanying table. The effects of applying SFAS No. 123 in this disclosure are not necessarily indicative of future amounts.

(000 omitted, except per share data)	1998	1997	1996
Income from continuing operations	\$150,640	\$97,794	\$69,071
Additional compensation:(1)			
Stock option grants and performance-based stock awards	(4,631)	(3,279)	(2,876)
Modification of existing stock option grants(2)			(5,716)
Pro forma income from continuing operations	\$146,009	\$94,515	\$60,479
Pro forma diluted income per share from continuing operations	\$ 1.48	\$ 1.00	\$ 0.65

(1) Compensation cost calculated under SFAS No. 123 is expensed ratably over the vesting period. Compensation cost is net of estimated forfeitures and the tax benefit on nonqualified stock options.

(2) In connection with the spin-off of the consumer products business on August 15, 1996, the number of shares and the exercise price of each option held by employees of Viad who remained employees of Viad after the spin-off were modified so that the aggregate exercise price and the aggregate spread before the spin-off were preserved at the time of the spin-off. SFAS No. 123 requires such options modified as a result of a spin-off to be treated as new grants.

For purposes of applying SFAS No. 123, the estimated fair value of stock options granted during 1998, 1997 and 1996 was \$7.16, \$5.04 and \$3.47 per share, respectively. The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	1998	1997	1996
Expected dividend yield	1.3%	1.7%	2.3%
Expected volatility	24.4%	23.6%	22.0%
Risk-free interest rate	5.78%	6.13%	6.38%
Expected life	5 years	5 years	5 years

## L. INCOME TAXES

Deferred income tax assets (liabilities) included in the Consolidated Balance Sheet at December 31 related to the following:

(000 omitted)	1998	1997
Property and equipment	\$(26,133)	\$(28,721)
Deferred income	10,178	10,568
Pension, compensation and other employee benefits	48,196	38,287
Provisions for losses	46,241	35,509
Unrealized gain on securities classified as available for sale	(11,656)	(8,710)
Deferred state income taxes	6,419	7,091
Capital loss carryforward		20,170
Alternative minimum tax credit carryforward	5,193	
Other deferred income tax assets	44,710	42,989
Other deferred income tax liabilities	(23,923)	(23,890)
	99,225	93,293
Foreign deferred tax liabilities included above	9,698	10,810
United States deferred tax assets	\$108,923	\$104,103

The provision for income taxes on income from continuing operations for the years ended December 31 consisted of the following:

(000 omitted)	1998	1997	1996
Current:			
United States:			
Federal	\$ 50,501	\$ 25,233	\$ 19,827
State	9,420	6,094	6,528
Foreign	8,032	8,980	6,858
Deferred	67,953	40,307	33,213
	(905)	846	8,685
Income taxes	\$ 67,048	\$ 41,153	\$ 41,898

Certain tax benefits related primarily to stock option exercises and dividends paid to the ESOP are credited to common stock and other equity and amounted to \$6,875,000, \$2,491,000 and \$3,401,000 in 1998, 1997 and 1996, respectively.

Eligible subsidiaries (including the consumer products business up to the spin-off date) are included in the consolidated federal and other applicable income tax returns of Viad. Certain benefits of filing such returns, including tax losses and credits which would not have been available to certain subsidiaries on a separate return basis, have been credited to such subsidiaries by Viad. These benefits are included in the determination of the income taxes of those subsidiaries.

Income taxes paid in 1998, 1997 and 1996, including amounts paid on behalf of the consumer products business for the periods up to the spin-off date as part of consolidated federal and other applicable tax returns of Viad, amounted to \$24,721,000, \$21,689,000 and \$19,792,000, respectively.

A reconciliation of the provision for income taxes on income from continuing operations and the amount that would be computed using statutory federal income tax rates for the years ended December 31 was as follows:

(000 omitted)	1998	1997	1996
Computed income taxes at statutory federal income tax rate of 35%	\$76,191	\$48,631	\$38,839
Nondeductible goodwill amortization	4,051	3,466	3,410
Minority interests	758	433	613
State income taxes	5,608	4,341	5,636
Tax-exempt income	(21,519)	(15,725)	(11,764)
Spin-off costs and management transition expenses			6,300
Other, net	1,959	7	(1,136)
Income taxes	\$67,048	\$41,153	\$41,898

United States and foreign income before income taxes from continuing operations for the years ended December 31 was as follows:

(000 omitted)	1998	1997	1996
-----	-----	-----	-----
United States	\$195,313	\$118,159	\$ 88,819
Foreign, principally Canada and United Kingdom	22,375	20,788	22,150
-----	-----	-----	-----
Income before income taxes	\$217,688	\$138,947	\$110,969
=====	=====	=====	=====

## M. PENSION AND OTHER BENEFITS

PENSION BENEFITS. The following table indicates the plans' funded status and amounts recognized in Viad's Consolidated Balance Sheet at December 31:

(000 omitted)	Funded Plans		Unfunded Plans	
	1998	1997	1998	1997
Change in projected benefit obligation:				
Benefit obligation at beginning of year	\$161,846	\$148,052	\$ 28,930	\$ 24,626
Service cost	4,936	5,716	804	689
Interest cost	12,007	11,408	2,258	2,067
Plan amendments	181	272	997	1,787
Actuarial adjustments(1)	19,835	5,486	2,899	1,390
Curtailments	(2,658)	(1,738)	(133)	
Benefits paid	(9,339)	(7,350)	(1,812)	(1,629)
Benefit obligation at end of year(2)	186,808	161,846	33,943	28,930
Change in plan assets:				
Fair value of plan assets at beginning of year	180,990	152,108	N/A	N/A
Actual return on plan assets	35,133	36,186		
Company contributions	42	46	1,812	1,629
Benefits paid	(9,339)	(7,350)	(1,812)	(1,629)
Fair value of plan assets at end of year	206,826	180,990	N/A	N/A
Plan assets over (under) projected benefit obligation	20,018	19,144	(33,943)	(28,930)
Unrecognized net transition (asset) obligation	(2,128)	(3,032)	565	835
Unrecognized prior service cost	577	576	6,024	6,360
Unrecognized actuarial (gain) loss	(9,181)	(10,288)	7,588	5,330
Net amount recognized	\$ 9,286	\$ 6,400	\$(19,766)	\$(16,405)

(1) The increased actuarial adjustment in 1998 arose primarily as a result of the reduction in the discount rate assumption from 7.5% to 7.0%.

(2) The accumulated benefit obligation for the unfunded pension plans was \$27,074,000 and \$23,261,000 as of December 31, 1998 and 1997, respectively.

The total amounts recognized in Viad's Consolidated Balance Sheet at December 31 were as follows:

(000 omitted)	Funded Plans		Unfunded Plans	
	1998	1997	1998	1997
Prepaid pension cost	\$ 9,346	\$ 6,482	\$ --	\$ --
Accrued pension liability	(137)	(150)	(27,469)	(23,862)
Intangible asset	13	22	6,301	6,624
Common stock and other equity	64	46	1,402	833
Net amount recognized	\$ 9,286	\$ 6,400	\$(19,766)	\$(16,405)

Weighted average assumptions used at December 31 were as follows:

	1998	1997
Discount rate	7.0%	7.5%
Expected return on plan assets	10.0%	9.5%
Rate of compensation increase	4.5%	4.5%

Net periodic pension cost for defined benefit plans for the years ended December 31 includes the following components:

(000 omitted)	1998	1997	1996
Service cost	\$ 5,740	\$ 6,405	\$ 6,341
Interest cost	14,265	13,475	12,757
Expected return on plan assets	(15,551)	(13,953)	(13,060)
Amortization of prior service cost	591	500	182
Recognized net actuarial loss	511	211	178
Net periodic pension cost	\$ 5,556	\$ 6,638	\$ 6,398

Curtailment gains totaling \$1,868,000 in 1998 were primarily attributable to the sales of businesses. Net curtailment gains totaling \$1,632,000 in 1997 were primarily attributable to freezing plan benefits for a business subsequently sold. Curtailment gains totaling \$987,000 in 1996 were attributable to an acquired convention and event services company.

Contributions to multiemployer pension plans totaled \$11,779,000, \$12,141,000 and \$10,737,000 in 1998, 1997 and 1996, respectively. Costs of 401(k) defined contribution and other pension plans totaled \$3,885,000, \$5,020,000 and \$4,414,000 in 1998, 1997 and 1996, respectively.

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS. Viad and certain of its subsidiaries have unfunded defined benefit postretirement plans that provide medical and life insurance for eligible employees, retirees and dependents. In addition, Viad retained the obligations for such benefits for certain retirees of sold businesses.

The status of the plans as of December 31 is set forth below:

(000 omitted)	1998	1997
Change in accumulated benefit obligation:		
Benefit obligation at beginning of year	\$45,584	\$41,159
Service cost	878	967
Interest cost	2,997	3,165
Plan amendments	(2,777)	
Actuarial adjustments	2,433	3,020
Curtailments	(4,983)	
Benefits paid	(3,129)	(2,727)
Benefit obligation at end of year	41,003	45,584
Unrecognized prior service reduction	3,277	1,115
Unrecognized net actuarial gain	3,203	4,175
Accrued postretirement benefit cost	\$47,483	\$50,874
Discount rate	7.0%	7.5%

The assumed health care cost trend rate used in measuring the 1998 and 1997 accumulated postretirement benefit obligation was 9% and 10%, respectively, gradually declining to 5% by the year 2002 and remaining at that level thereafter for retirees below age 65, and 7% and 7.5%, respectively, gradually declining to 5% by the year 2002 and remaining at that level thereafter for retirees above age 65.

The net periodic postretirement benefit cost for the years ended December 31 includes the following components:

(000 omitted)	1998	1997	1996
Service cost	\$ 878	\$ 967	\$ 794
Interest cost	2,997	3,165	2,936
Amortization of prior service cost	(218)	(86)	(86)
Recognized net actuarial gain	(38)	(229)	(452)
Net periodic postretirement benefit cost	\$3,619	\$3,817	\$3,192

Curtailment gains totaling \$5,147,000 in 1998 were primarily attributable to the sales of businesses. There were no curtailment gains or losses in 1997 or 1996.

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, 1998 by approximately \$4,373,000 and the ongoing annual expense by approximately \$557,000. 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, 1998 by approximately \$3,578,000 and the ongoing annual expense by approximately \$445,000.

## N. LEASES

Certain offices, equipment, and facilities for convention services, exhibit construction and catering are leased. The leases expire over periods generally ranging from one to 12 years and some provide for renewal options ranging from one to 33 years. Leases which expire are generally renewed or replaced by similar leases.

At December 31, 1998, Viad's future minimum rental payments and related sublease rentals receivable with respect to noncancelable operating leases with terms in excess of one year were as follows:

(000 omitted)	Rental Payments	Rentals Receivable Under Subleases
1999	\$ 45,057	\$ 2,387
2000	38,335	1,541
2001	32,863	936
2002	29,766	440
2003	25,546	145
Thereafter	174,193	709
Total	\$345,760	\$ 6,158

In May 1997, Viad sold its corporate headquarters and is leasing back a portion of the building. The future minimum rental payments are included in the table above. The excess of the net sales price over the net book value of the building was deferred and is being amortized over the term of the leaseback.

Information regarding net operating lease rentals for the years ended December 31 was as follows:

(000 omitted)	1998	1997	1996
Minimum rentals	\$ 53,784	\$ 58,446	\$ 60,522
Contingent rentals(1)	751	562	887
Sublease rentals	(1,936)	(2,116)	(2,025)
Total rentals, net	\$ 52,599	\$ 56,892	\$ 59,384

(1) Contingent rentals on operating leases, which are based primarily on sales and revenues for buildings and leasehold improvements and on usage for other equipment, exclude contingent fees under concession agreements.

## O. FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK AND FAIR VALUE OF FINANCIAL INSTRUMENTS

**FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK.** Viad is a party to financial instruments with off-balance-sheet risk which are entered into in the normal course of business to meet financing needs and to manage exposure to fluctuations in interest rates. These financial instruments include sale of receivable agreements and interest rate swap agreements. The instruments involve, to a varying degree, elements of credit and interest rate risk in addition to amounts recognized in the financial statements.

At December 31, 1998, Viad had an agreement to sell, on a revolving basis, undivided participating interests in a defined pool of trade accounts receivable from customers of Viad's Airline Catering and Convention and Event Services operations in an amount not to exceed \$75,000,000 as a means of accelerating cash flow. The agreement expires in August 1999 but is expected to be extended annually. Under the terms of the trade receivables sales agreement, Viad has retained substantially the same risk of credit loss as if the receivables had not been sold, as Viad is obligated to replace uncollectible receivables with new trade accounts receivable. The average balance of proceeds from the sale of trade accounts receivable approximated \$74,630,000, \$75,000,000 and \$51,500,000 during 1998, 1997 and 1996, respectively. The expense of selling such receivables, discounted based on short-term interest rates, was \$4,404,000, \$4,483,000 and \$3,029,000 in 1998, 1997 and 1996, respectively, and is included in "Costs of sales and services."

In September 1997, a Viad payment services subsidiary entered into an agreement to sell, on a periodic basis, undivided percentage ownership interests in certain agents' receivables in an amount not to exceed \$250,000,000. In June 1998, the maximum amount to be sold under the agreement was increased to \$400,000,000. The agreement expires in June 2003. Items in the program include receivables from bill payment and money order agents. The receivables are sold in order to accelerate payment services' cash flow for investment in the admissible securities described in Note F. The average agents' receivables sold approximated \$262,000,000 and \$125,000,000 during 1998 and the latter part of 1997, respectively. The agents' receivables are sold at a discount based on short-term variable interest rates. The expense of selling such receivables was \$16,768,000 and \$2,790,000 in 1998 and 1997, respectively, and is included in "Costs of sales and services."

A portion of the payment services subsidiary's business involves the payment of commissions to selling agents of its official check program. The commissions are computed based on short-term variable interest rates. Variable-to-fixed rate swap agreements have been entered into to

mitigate the effects of fluctuations on commission expense and on the net proceeds from the agents' receivables sales.

The notional amount of the variable-to-fixed swap agreements totaled \$1,425,000,000 at December 31, 1998, with an average pay rate of 5.5% and an average receive rate of 4.9%. The variable-rate portion of the swaps is generally based on LIBOR, treasury bill or federal funds rates. The agreements expire as follows: \$150,000,000 (1999), \$100,000,000 (2000), \$250,000,000 (2002), \$875,000,000 (2003) and \$50,000,000 (2007).

The notional amounts of such agreements are used to measure amounts to be paid or received and do not represent the amount of exposure to credit loss. The amounts to be paid or received under the swap agreements are accrued consistently with the terms of the agreements and market interest rates and are recognized as an adjustment to the expense of the related transaction. Viad maintains formal procedures for entering into swap transactions, and management regularly monitors and reports to the Audit Committee of the Board of Directors on swap activity. The agreements are with major financial institutions which are currently expected to fully perform under the terms of the agreements, thereby mitigating the credit risk from the transactions in the event of nonperformance by the counterparties. In addition, Viad continuously monitors the credit ratings of the counterparties, and the likelihood of default is considered remote.

**FAIR VALUE OF FINANCIAL INSTRUMENTS.** The carrying values of cash and cash equivalents, receivables, accounts payable and payment service obligations approximate fair values due to the short-term maturities of these instruments. The amortized cost and fair value of investments in debt and equity securities are disclosed in Note F. The carrying amounts and estimated fair values of Viad's other financial instruments at December 31 are as follows:

(000 omitted)	1998		1997	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Total debt	\$ (534,453)	\$ (541,055)	\$ (410,140)	\$ (414,173)
Swap agreements(1)	(903)	(25,097)	(4,357)	(20,753)

(1) Carrying amount represents accrued interest.

The methods and assumptions used to estimate the fair values of the financial instruments are summarized below. Considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein may not be indicative of the amounts that Viad could realize in a current market exchange. The use of different market assumptions or valuation methodologies may have a material effect on the estimated fair value amounts.

**Debt**--The fair value of debt was estimated by discounting the future cash flows using rates currently available for debt of similar terms and maturity. The carrying values of the commercial paper and promissory notes were assumed to approximate fair values due to their short-term maturities.

**Swap agreements**--The fair value represents the estimated amount that Viad would pay to counterparties to terminate the swap agreements at December 31.

## **P. LITIGATION, CLAIMS AND OTHER CONTINGENCIES**

Viad and certain subsidiaries are plaintiffs or defendants to various actions, proceedings and pending claims, including pending or potential claims by or on behalf of approximately 6,500 former railroad workers claiming asbestos-related health conditions from exposure to railroad equipment made by former subsidiaries. Certain of these pending legal actions are or purport to be class actions. Some of the foregoing 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 at December 31, 1998, with respect to these matters is not ascertainable, Viad believes that any resulting liability will not have a material effect on Viad's financial position or results of operations.

Viad is subject to various environmental laws and regulations of the United States as well as of the states and other countries in whose jurisdictions Viad has or had operations and is subject to certain international agreements. As is the case with many companies, Viad faces exposure to actual or potential claims and lawsuits involving environmental matters. Although Viad is a party to certain environmental disputes, Viad believes that any liabilities resulting therefrom, after taking into consideration amounts already provided for, exclusive of any potential insurance recoveries, will not have a material effect on Viad's financial position or results of operations.

## Q. SEGMENT INFORMATION

SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," adopted effective December 31, 1998, changes the way Viad reports information about its operating segments. SFAS No. 131 requires disclosure of certain financial information for reportable operating segments based on management's internal organizational decision-making structure. Viad measures segment profit and performance based on operating segment income from continuing operations after minority interests and income taxes, but before nonrecurring items.

The accounting policies of the operating segments are the same as those described in Note A, except that an adjustment is made to the Payment Services segment to present revenues, operating income and income taxes on a fully taxable equivalent basis to reflect amounts invested in tax-exempt securities. Intersegment sales and transfers are not significant. Interest expense is allocated to operations based on net funds advanced and current short-term interest rates. Income taxes are allocated based primarily on separate return calculations for each business. Certain benefits of filing combined and/or consolidated state income tax returns, including tax losses and credits which would not have been available to certain subsidiaries on a separate return basis, have been credited to such subsidiaries by Viad. Depreciation and amortization are the only significant noncash items for the reportable segments.

Viad's reportable segments include Payment Services, Convention and Event Services and Airline Catering. The Payment Services segment sells money orders through agents, performs official check and negotiable instrument clearing services for banks and credit unions, and provides cash access services to gaming establishments throughout the United States. In addition, the segment provides consumer money wire transfer services throughout the world. The Convention and Event Services segment provides decorating, exhibit preparation, installation and dismantling, and electrical, transportation and management services for conventions, tradeshow, associations and other corporate events; and designs and builds convention, tradeshow, museum and other exhibits and displays throughout the world. The Airline Catering segment provides in-flight meals, snacks, beverages and related services to domestic and international airlines throughout the United States, as well as in foreign countries.

The remaining categories represent sold businesses, other businesses below reportable segment quantitative thresholds and corporate and other. These categories are presented to reconcile to total results. Travel and Recreation Services includes Viad's Canadian travel tour service subsidiary, which operates tours and charters in the Canadian Rockies and engages in hotel operations and snoocoach tours of the Columbia Icefield; and the Recreation Division of Viad, which operates concessions at America West Arena and Bank One Ballpark in Phoenix, Arizona, and through a subsidiary, operates historic lodges at Glacier National Park. Sold businesses includes ASIG, GLSI, Jetsave and Crystal Holidays and the contract foodservice operations of Restaura, Inc. as described in Note C. Corporate and other includes expenses of corporate activities and interest expense not allocated to operating segments, net of applicable income taxes.

**MAJOR CUSTOMERS.** Major customers are defined as those which individually accounted for more than 10% of Viad's revenues. Sales to one major customer in the Airline Catering segment accounted for 12%, 12% and 13% of Viad's consolidated revenues in 1998, 1997 and 1996, respectively.

Disclosures regarding Viad's reportable segments under SFAS No. 131 with reconciliations to consolidated totals are presented in the accompanying table. The information for 1997 and 1996 has been restated to conform to the new presentation. While classification and presentation differ from amounts previously reported, the adoption of SFAS No. 131 did not affect Viad's consolidated financial position, results of operations or cash flows as previously reported.

(000 omitted)	Revenues	Income from Continuing Operations (after-tax) (1,2)	Operating Income (3)	Interest Expense	Income Taxes (Benefit)
<b>1998:</b>					
Payment Services	\$431,157(5)	\$51,467	\$87,206(5)	\$ --	\$ 34,536(5)
Convention and Event Services	849,165	42,924	87,446	16,159	28,353
Airline Catering	892,038	37,038	70,661	6,894	26,729
Reportable segments	2,172,360	131,429	245,313	23,053	89,618
Other:					
Travel and Recreation Services	102,952	9,523	17,729	1,688	6,160
Sold businesses	306,132	9,215	14,854	47	4,998
Corporate and other		(25,465)	(21,913)	16,030	(12,478)
Gains on sales of businesses		32,855			21,784
Provision for patent infringement payments received		(6,917)	(10,642)		(3,725)
Subtotal	2,581,444	150,640	245,341	40,818	106,357
Less: Fully taxable equivalent adjustment	(39,309)		(39,309)		(39,309)
Elimination of Viad commercial paper					
	\$2,542,135	\$150,640	\$206,032	\$40,818	\$ 67,048
<b>1997:</b>					
Payment Services	\$234,891(5)	\$41,243	\$65,348(5)	\$ --	\$ 24,105(5)
Convention and Event Services	827,500	35,298	72,753	12,718	24,737
Airline Catering	802,313	33,460	66,198	7,742	24,996
Reportable segments	1,864,704	110,001	204,299	20,460	73,838
Other:					
Travel and Recreation Services	91,256	7,863	14,590	497	5,949
Sold businesses	490,234	18,370	27,965	(670)	9,309
Corporate and other		(38,440)	(29,294)	28,365	(19,219)
Subtotal	2,446,194	97,794	217,560	48,652	69,877
Less: Fully taxable equivalent adjustment	(28,724)		(28,724)		(28,724)
Elimination of Viad commercial paper					
	\$2,417,470	\$97,794	\$188,836	\$48,652	\$ 41,153
<b>1996:</b>					
Payment Services	\$191,455(5)	\$34,063	\$56,019(5)	\$ --	\$ 21,956(5)
Convention and Event Services	774,040	31,368	64,042	11,206	21,468
Airline Catering	734,213	31,179	61,850	7,394	23,277
Reportable segments	1,699,708	96,610	181,911	18,600	66,701
Other:					
Travel and Recreation Services	91,401	8,076	14,561	639	5,807
Sold businesses	493,608	16,178	26,370	(513)	8,992
Corporate and other		(41,833)	(33,102)	34,293	(25,562)
Gain on sale of interest in Phoenix Suns		19,025			11,464
Spin-off costs and management transition expenses		(28,985)			(4,015)
Subtotal	2,284,717	69,071	189,740	53,019	63,387
Less: Fully taxable equivalent adjustment	(21,489)		(21,489)		(21,489)
Elimination of Viad commercial paper					
	\$2,263,228	\$69,071	\$168,251	\$53,019	\$ 41,898

(000 omitted)	Assets	Depreciation and Amortization	Capital Expenditures
<b>1998:</b>			
Payment Services	\$3,534,073(4)	\$17,908	\$16,938
Convention and Event Services	546,428	23,072	22,949
Airline Catering	500,780	27,591	25,596
Reportable segments	4,581,281	68,571	65,483
Other:			
Travel and Recreation Services	78,700	5,162	7,413
Sold businesses	35,219	8,030	3,662
Corporate and other	197,572	4,133	759
Gains on sales of businesses			
Provision for patent infringement payments received			
Subtotal	4,892,772	85,896	77,317
Less: Fully taxable equivalent adjustment			
Elimination of Viad commercial paper	(90,000)		
	\$4,802,772	\$85,896	\$77,317
<b>1997:</b>			
Payment Services	\$2,440,143(4)	\$10,908	\$10,195

Convention and Event Services	424,789	20,192	26,561
Airline Catering	508,267	25,527	37,298
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Reportable segments	3,373,199	56,627	74,054
Other:			
Travel and Recreation Services	80,852	3,998	19,082
Sold businesses	148,099	12,825	13,962
Corporate and other	218,163	5,051	875
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Subtotal	3,820,313	78,501	107,973
Less: Fully taxable equivalent adjustment			
Elimination of Viad commercial paper	(90,000)		
-----	-----	-----	-----
	\$3,730,313	\$78,501	\$107,973
=====	=====	=====	=====
1996:			
Payment Services	\$2,033,242 (4)	\$ 9,122	\$ 7,969
Convention and Event Services	412,854	18,140	25,258
Airline Catering	475,914	26,311	18,133
-----	-----	-----	-----
Reportable segments	2,922,010	53,573	51,360
Other:			
Travel and Recreation Services	67,359	3,708	7,691
Sold businesses	208,952	11,671	20,993
Corporate and other	344,991	5,492	2,105
Gain on sale of interest in Phoenix Suns			
Spin-off costs and management transition expenses			
-----	-----	-----	-----
Subtotal	3,543,312	74,444	82,149
Less: Fully taxable equivalent adjustment			
Elimination of Viad commercial paper	(90,000)		
-----	-----	-----	-----
	\$3,453,312	\$74,444	\$82,149
=====	=====	=====	=====

(1) Income from continuing operations is after deducting minority interests as follows: Payment Services \$1,203,000 (1998); Convention and Event Services \$10,000 (1998); Travel and Recreation Services \$358,000 (1998), \$281,000 (1997) and \$39,000 (1996); and Sold businesses \$594,000 (1998), \$956,000 (1997) and \$1,713,000 (1996).

(2) Net income was \$150,640,000, \$89,336,000 and \$28,377,000 in 1998, 1997 and 1996, respectively, after deducting an extraordinary charge of \$8,458,000 for the early retirement of debt in 1997 and after deducting a loss from discontinued operations of \$40,694,000 in 1996.

(3) Operating income by segment is presented as additional information. The definition of operating income is revenues less (a) cost of sales and services, including depreciation, amortization and the expense of selling receivables, and (b) cost of corporate activities, net.

(4) Includes assets restricted for payment service obligations of \$3,066,854,000 (1998), \$2,323,351,000 (1997) and \$1,938,919,000 (1996), including \$90,000,000 invested in Viad commercial paper.

(5) The fully taxable equivalent adjustment for Payment Services' income from tax-exempt securities is calculated based on a combined income tax rate of 39%.

**R. CONDENSED CONSOLIDATED QUARTERLY RESULTS (UNAUDITED)**

(000 omitted, except per share data)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
1998:					
Revenues(1)	\$602,780	\$657,071	\$672,393	\$609,891	\$2,542,135
Operating income(1,2)	33,631	48,433	69,161	54,807	206,032
Net income(3)	15,379	40,622	57,033	37,606	150,640
Diluted income per common share(3)	0.15	0.41	0.58	0.38	1.52
Basic income per common share(3)	0.16	0.43	0.60	0.39	1.58
=====					
Fully taxable equivalent adjustment(1)	8,231	9,616	10,459	11,003	39,309
=====					
1997:					
Revenues(1)	\$569,726	\$614,945	\$622,226	\$610,573	\$2,417,470
Operating income(1)	29,639	49,995	60,235	48,967	188,836
Net income:					
Before extraordinary charge	10,520	26,675	33,850	26,749	97,794
Extraordinary charge	(8,458)				(8,458)
Net income	2,062	26,675	33,850	26,749	89,336
=====					
Diluted income per common share:					
Before extraordinary charge	0.11	0.28	0.36	0.28	1.03
Extraordinary charge	(0.09)				(0.09)
Diluted income per common share	0.02	0.28	0.36	0.28	0.94
=====					
Basic income per common share:					
Before extraordinary charge	0.11	0.29	0.37	0.29	1.06
Extraordinary charge	(0.09)				(0.09)
Basic income per common share	0.02	0.29	0.37	0.29	0.97
=====					
Fully taxable equivalent adjustment(1)	6,460	7,477	7,103	7,684	28,724
=====					

(1) A Viad payment services subsidiary is investing increasing amounts in tax-exempt securities. On a fully taxable equivalent basis using a combined income tax rate of 39%, revenues and operating income would be higher by the fully taxable equivalent adjustments shown above.

(2) After deducting a \$10,642,000 provision for payments previously received pursuant to patent infringement litigation in the second quarter of 1998 as described in Note C.

(3) Includes a gain on the sale of ASIG of \$13,201,000 (after-tax), or \$0.13 per diluted share (\$0.14 per basic share), in the second quarter of 1998; a provision for payments previously received pursuant to patent infringement litigation of \$6,917,000 (after-tax), or \$0.07 per diluted and basic share, also in the second quarter of 1998; a gain on the sale of GLSI of \$15,650,000 (after-tax), or \$0.16 per diluted and basic share, in the third quarter of 1998; and a gain on the sale of Jetsave and Crystal Holidays of \$4,004,000 (after-tax), or \$0.04 per diluted and basic share, in the fourth quarter of 1998 (see Note C). Excluding these items, 1998 diluted income per common share was:

First Quarter	\$ 0.15
Second Quarter	0.35
Third Quarter	0.42
Fourth Quarter	0.34
	-----
Total	\$ 1.26
	=====

## MANAGEMENT'S REPORT ON RESPONSIBILITY FOR FINANCIAL REPORTING

The management of Viad Corp has the responsibility for preparing and assuring the integrity and objectivity of the accompanying financial statements and other financial information in this report. The financial statements were developed using generally accepted accounting principles and appropriate policies, consistently applied. They reflect, where applicable, management's best estimates and judgments and include disclosures and explanations which are relevant to an understanding of the financial affairs of Viad.

Viad's financial statements have been audited by Deloitte & Touche LLP. Management has made available to Deloitte & Touche LLP all of Viad's financial records and related data, and has made appropriate and complete written and oral representations and disclosures in connection with the audit.

Management has established and maintains a system of internal control that it believes provides reasonable assurance as to the integrity and reliability of the financial statements, the protection of assets and the prevention and detection of fraudulent financial reporting. The system of internal control is believed to provide for appropriate division of responsibilities and is documented by written policies and procedures that are utilized by employees involved in the financial reporting process. Management also recognizes its responsibility for fostering a strong ethical climate. This responsibility is characterized and reflected in Viad's Code of Corporate Conduct, which is communicated to all Viad executives and managers as part of an overall Corporate Compliance Program.

Viad also maintains a comprehensive internal auditing function which independently monitors compliance and assesses the effectiveness of the internal controls and recommends potential improvements thereto. In addition, as part of their audit of Viad's financial statements, the independent auditors review and evaluate selected internal accounting and other controls to establish a basis for reliance thereon in determining the audit tests to be applied. There is close coordination of audit planning and coverage between Viad's internal auditing function and the independent auditors. Management has considered the recommendations of both internal auditing and the independent auditors concerning Viad's system of internal control and has taken actions believed to be cost-effective in the circumstances to implement appropriate recommendations and otherwise enhance controls. Management believes that Viad's system of internal control accomplishes the objectives discussed herein.

The Board of Directors oversees Viad's financial reporting through its Audit Committee. The Audit Committee regularly meets with management representatives and, jointly and separately, with the independent auditors and internal auditing management to review interest rate swap activity, accounting, auditing and financial reporting matters, the effectiveness of the Corporate Compliance Program, and during 1998, progress toward Year 2000 compliance.

*/s/ Richard C. Stephan  
Richard C. Stephan  
Vice President -- Controller*

*/s/ R.G. Nelson  
Ronald G. Nelson  
Vice President -- Finance  
and Treasurer*

## INDEPENDENT AUDITORS' REPORT

### To the Stockholders and Board of Directors of Viad Corp:

We have audited the accompanying consolidated balance sheets of Viad Corp as of December 31, 1998 and 1997, and the related consolidated statements of income, comprehensive income, common stock and other equity and of cash flows for each of the three years in the period ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Viad Corp as of December 31, 1998 and 1997, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1998 in conformity with generally accepted accounting principles.

*/s/ Deloitte & Touche LLP  
Deloitte & Touche LLP  
Phoenix, Arizona  
February 19, 1999*

**Exhibit 21**

**VIAD CORP  
(DELAWARE)**

**Active Subsidiaries and Affiliates\* as of December 31, 1998**

**AIRLINE CATERING GROUP**

**Greyhound-Dobbs Incorporated (Delaware)**  
**DOBBS INTERNATIONAL SERVICES, INC. (Delaware)**  
**Dobbs Houses International, Inc. (Delaware)**

**CONVENTION & EVENT SERVICES GROUP**

Dimension Works, Inc. (Illinois)  
EXG, Inc. (Delaware)  
Giltspur Exhibits of Canada, Inc. (Ontario) GES Exposition Services (Canada) Limited (Canada) Exposervice Standard Inc. (Canada)  
Clarkson-Conway Inc. (Canada)  
Stampede Display and Convention Services Ltd. (Alberta)  
**GES EXPOSITION SERVICES, INC. (Nevada)**  
Concourse Graphics, Inc. (Delaware)  
ESR Exposition Service, Inc. (New Jersey) Expo Accessories, Inc. (New York)  
Expo Display & Design, Inc. (New Jersey) Expo-Tech Electrical & Plumbing Services, Inc. (California) Shows Unlimited, Inc. (Nevada)  
United Exposition Service Redevelopment Corporation (Missouri) David H. Gibson Company, Inc. (Texas)  
Las Vegas Convention Service Co. (Nevada) Viad Holding GmbH (Germany)  
Voblo Verwaltungs GmbH (Germany) (80%)

**CORPORATE AND OTHER**

GCMC Inc. (Arizona)  
Viad Realty Corporation (Arizona)  
Greyhound Realty of Texas Inc. (Texas) VREC, Inc. (Delaware)

## **TRAVEL & RECREATION SERVICES GROUP**

Glacier Park, Inc. (Arizona) (80%)

Waterton Transport Company, Limited (Alberta) Greyhound Support Services, Inc. (Delaware) (I) Greyhound Maintenance, Inc. (Arizona)

ProDine, Inc. (Arizona)

RESTAURA, INC. (Michigan)

**TRANSPORTATION LEASING CO. (California)~~**

Greyhound Canada Holdings, Inc. (Alberta)~~ Brewster Tours Inc. (Canada)

**BREWSTER TRANSPORT COMPANY LIMITED (Alberta)**

**Cascade Holdings (Banff) Inc. (Alberta)**

## **PAYMENT SERVICES GROUP**

**TRAVELERS EXPRESS COMPANY, INC. (Minnesota)**

CAG Inc. (Nevada)

FSMC, Inc. (Minnesota)

Game Financial Corporation (Minnesota) GameCash, Inc. (Minnesota)

Game Financial Corporation of Louisiana (Louisiana) Game Financial Corporation of Mississippi (Mississippi) Game Financial Corporation of

Wisconsin (Wisconsin) MoneyGram Payment Systems, Inc. (Delaware) Consorcio Oriental LLC (Delaware)

Mid-America Money Order Company (Kentucky) MoneyGram Payment Systems (Canada), Inc. (Ontario) MoneyGram Finance Inc. (Delaware)

MoneyGram International Limited (United Kingdom) (51%) MoneyLine Express, Inc. (Wisconsin)

Travelers Express Co. (P.R.) Inc. (Puerto Rico) Viad Service Companies Limited (United Kingdom) Dobbs International (U.K.) Limited (United Kingdom)#

# Indicates an Airline Catering Subsidiary --Indicates a Corporate and Other Subsidiary

\*Parent-subsidiary or affiliate relationships are shown by marginal indentation. State, province or country of incorporation and ownership percentage are shown in parentheses following name, except that no ownership percentage appears for subsidiaries owned 100% (in the aggregate) by Viad Corp.

**EXHIBIT 23**

**INDEPENDENT AUDITORS' CONSENT**

To The Board of Directors  
Viad Corp  
Phoenix, Arizona

We consent to the incorporation by reference in Registration Statement Nos. 33-54465, 333-06357, and 33-55360 on Form S-3 and Nos. 33-41870, 333-63397, 333-27327, 33-56531, and 333-35231 on Form S-8 of Viad Corp, of our report dated February 19, 1999, appearing in this Annual Report on Form 10-K of Viad Corp for the year ended December 31, 1998.

*/s/ DELOITTE & TOUCHE LLP*

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*Phoenix, Arizona*

*March 23, 1999*

**Exhibit 24**

**POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS, that each director whose signature appears below constitutes and appoints Robert H. Bohannon and Richard C. Stephan, and each of them severally, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign the Form 10-K Annual Report of Viad Corp for the fiscal year ended December 31, 1998, and any and all amendments thereto, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or either of them, or their or his or her substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

*/s/ Jess Hay* February 18, 1999  
-----

*/s/ Judith K. Hofer* February 18, 1999  
-----

*/s/ Jack F. Reichert* February 18, 1999  
-----

*/s/ Linda Johnson Rice* February 18, 1999  
-----

*/s/ Douglas L. Rock* February 18, 1999  
-----

*/s/ John C. Tolleson* February 18, 1999  
-----

*/s/ Timothy R. Wallace* February 18, 1999  
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## ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM VIAD CORP'S FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

MULTIPLIER: 1,000

PERIOD TYPE	YEAR
FISCAL YEAR END	DEC 31 1998
PERIOD START	JAN 01 1998
PERIOD END	DEC 31 1998
CASH	5,197
SECURITIES	0
RECEIVABLES	133,005
ALLOWANCES	4,066
INVENTORY	73,059
CURRENT ASSETS	843,391
PP&E	842,815
DEPRECIATION	375,238
TOTAL ASSETS	4,802,772
CURRENT LIABILITIES	3,396,448
BONDS	531,348
PREFERRED MANDATORY	6,625
PREFERRED	0
COMMON	149,610
OTHER SE	496,271
TOTAL LIABILITY AND EQUITY	4,802,772
SALES	0
TOTAL REVENUES	2,542,135
CGS	0
TOTAL COSTS	2,314,190
OTHER EXPENSES	21,913
LOSS PROVISION	0
INTEREST EXPENSE	40,818
INCOME PRETAX	217,688
INCOME TAX	67,048
INCOME CONTINUING	150,640
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	150,640
EPS PRIMARY	1.58
EPS DILUTED	1.52

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