VIAD CORP

FORM 10-Q
(Quarterly Report)

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Address	1850 NORTH CENTRAL AVE SUITE 800
	PHOENIX, Arizona 85004-4545
Telephone	(602) 207-4000
CIK	0000884219
Industry	Business Services
Sector	Services
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

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

For the Quarterly Period Ended March 31, 1998
Commission file number 001-11015

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

DELAWARE	36-1169950
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1850 N. CENTRAL AVE., PHOENIX, ARIZONA	85077
(Address of principal executive offices)	(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all Exchange Act reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes x No

As of April 30, 1998, 99,243,565 shares of Common Stock ($1.50 par value) were outstanding.

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

VIAD CORP
CONSOLIDATED BALANCE SHEET

(000 omitted)	March 31, 1998	December 31, 1997
ASSETS		
Current assets:		
Cash and cash equivalents	$ 29,490	$ 12,341
Receivables, less allowance of $4,787 and $4,805	136,554	131,620
Inventories	109,414	105,331
Deferred income taxes	28,837	29,444
Other current assets	36,191	29,207
	340,486	307,943
Funds, agents' receivables and current maturities of investments restricted for a subsidiary's payment service obligations, after eliminating $90,000 of the subsidiary's funds invested in Viad commercial paper	495,685	617,887
Total current assets	836,171	925,830
Investments restricted for subsidiary's payment service obligations	1,749,852	1,615,464
Property and equipment	461,129	470,052
Other investments and assets	107,280	113,274
Deferred income taxes	74,580	74,659
Intangibles	526,794	531,034
	$ 3,755,806	$ 3,730,313

(000 omitted, except number of shares)	March 31, 1998	December 31, 1997
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 138,809	$ 145,641
Accrued compensation	58,677	75,589
Other current liabilities	140,202	134,477
Current portion of long-term debt	32,177	32,291
	369,865	387,998
Payment service obligations of subsidiary	2,266,553	2,248,004
Total current liabilities	2,636,418	2,636,002
Long-term debt	401,911	377,849
Pension and other benefits	64,352	62,988
Other deferred items and insurance reserves	99,190	109,323
Minority interests	8,475	8,378
$4.75 Redeemable preferred stock	6,615	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	310,686	291,414
Retained income	216,743	209,127
Unearned employee benefits and other	(136,621)	(121,968)
Unrealized gain on securities available for sale	12,064	13,625
Cumulative translation adjustments	(2,417)	(3,022)
Common stock in treasury, at cost, 587,553 and 516,926 shares	(11,220)	(9,625)
Total common stock and other equity	538,845	529,161
	$ 3,755,806	$ 3,730,313

See Notes to Consolidated Financial Statements.

VIAD CORP
STATEMENT OF CONSOLIDATED INCOME

Three months ended March 31, (000 omitted, except per share data)	1998	1997
REVENUES	$ 602,780	$ 569,726
Costs and expenses:		
Costs of sales and services	561,848	531,016
Corporate activities and nonoperating items, net	6,205	7,983
Sale of trade accounts receivable expense	1,096	1,088
Interest expense	11,174	14,263
Minority interests	276	364
	580,599	554,714
Income before income taxes	22,181	15,012
Income taxes	6,802	4,492
INCOME BEFORE EXTRAORDINARY CHARGE	15,379	10,520
Extraordinary charge for early retirement of debt, net of tax benefit of $4,554		(8,458)
NET INCOME	$ 15,379	$ 2,062
DILUTED INCOME PER COMMON SHARE:		
Income before extraordinary charge	$ 0.15	$ 0.11
Extraordinary charge		(0.09)
Diluted net income per common share	$ 0.15	$ 0.02
BASIC INCOME PER COMMON SHARE:		
Income before extraordinary charge	$ 0.16	$ 0.11
Extraordinary charge		(0.09)
Basic net income per common share	$ 0.16	$ 0.02
Average outstanding common shares	93,979	90,044
Additional dilutive shares related to stock-based compensation	3,872	2,795
Average outstanding and potentially dilutive common shares	97,851	92,839
Dividends declared per common share	$ 0.08	$ 0.08
Preferred stock dividends	$ 282	$ 282

See Notes to Consolidated Financial Statements.

VIAD CORP
STATEMENT OF RETAINED INCOME

Three months ended March 31, (000 omitted)	1998	1997
Balance, beginning of year	$ 209,127	$ 146,664
Net income	15,379	2,062
Dividends on common and preferred stock	(7,843)	(7,552)
Adjust distribution of consumer products business to Viad stockholders for post-closing settlements		(1,216)
Other	80	13
Balance, end of period	$ 216,743	$ 139,971

See Notes to Consolidated Financial Statements.

VIAD CORP
STATEMENT OF COMPREHENSIVE INCOME

Three months ended March 31, (000 omitted)	1998	1997
Net income	$ 15,379	$ 2,062
Other comprehensive income, net of tax:		
Foreign currency translation adjustments	605	(753)
Unrealized gain (loss) on securities classified as available for sale:		
Unrealized holding losses arising during the period	(295)	(4,172)
Reclassification adjustment for realized gains included in net income	(1,266)	(345)
Other comprehensive loss	(956)	(5,270)
Comprehensive income (loss)	$ 14,423	$ (3,208)

See Notes to Consolidated Financial Statements.

VIAD CORP
STATEMENT OF CONSOLIDATED CASH FLOWS

Three months ended March 31, (000 omitted)	1998	1997
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES:		
Net income	$ 15,379	$ 2,062
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	20,309	19,372
Deferred income taxes	2,679	4,128
Extraordinary charge for early retirement of debt		8,458
Other noncash items, net	148	2,689
Change in operating assets and liabilities:		
Receivables and inventories	(9,387)	(44,952)
Payment service assets and obligations, net	142,698	49,972
Accounts payable and accrued compensation	(23,744)	(12,865)
Other assets and liabilities, net	281	(11,169)
Net cash provided by operating activities	148,363	17,695
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES:		
Capital expenditures	(16,114)	(13,849)
Acquisitions of businesses, net of cash acquired		(17,555)
Proceeds from sales of businesses, property and other assets, net	2,795	70,277
Investments restricted for payment service obligations:		
Proceeds from sales and maturities of securities classified as available for sale	185,191	178,557
Proceeds from maturities of securities classified as held to maturity	29,774	6,841
Purchases of securities classified as available for sale	(280,992)	(150,726)
Purchases of securities classified as held to maturity	(70,991)	(65,352)
Investments in and advances to discontinued operations, net		(3,920)
Net cash (used) provided by investing activities	(150,337)	4,273
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES:		
Payments on long-term borrowings	(68)	(58,528)
Premium paid upon early retirement of debt		(13,012)
Net change in short-term borrowings	24,000	53,856
Dividends on common and preferred stock	(7,843)	(7,552)
Proceeds from sales of treasury stock	5,163	5,164
Cash payments on interest rate swaps	(2,129)	(2,157)
Net cash provided (used) by financing activities	19,123	(22,229)
Net increase (decrease) in cash and cash equivalents	17,149	(261)
Cash and cash equivalents, beginning of year	12,341	4,422
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 29,490	$ 4,161

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A--Basis of Preparation

The Consolidated Financial Statements of Viad Corp ("Viad") include the accounts of Viad and all of its subsidiaries. This information should be read in conjunction with the financial statements set forth in the Viad Corp Annual Report to Stockholders for the year ended December 31, 1997.

Accounting policies utilized in the preparation of the financial information herein presented are the same as set forth in Viad's annual financial statements except as modified for interim accounting policies which are within the guidelines set forth in Accounting Principles Board Opinion No. 28, "Interim Financial Reporting." The interim consolidated financial information is unaudited. In the opinion of management, all adjustments, consisting only of normal recurring accruals, necessary to present fairly Viad's financial position as of March 31, 1998, and its results of operations and its cash flows for the three months ended March 31, 1998 and 1997 have been included. Interim results of operations are not necessarily indicative of the results of operations for the full year.

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

NOTE B--Fiduciary Assets Restricted for Payment Service Obligations

Viad's 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 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 fiduciary assets are not available to satisfy working capital or other financing requirements of Viad.

Following is a summary of amounts related to the payment service obligations as of March 31, 1998, including excess funds:

(000 omitted)	
Fiduciary Assets:	
Funds, agents' receivables and current maturities of investments restricted for payment service obligations, including $90,000 invested in Viad commercial paper (1)	$ 585,685
Investments restricted for payment service obligations (2)	1,749,852
	2,335,537
Payment service obligations	2,266,553
Asset carrying amounts in excess of 1:1 funding coverage of payment service obligations (2)	$ 68,984

(1) See Note D of Notes to Consolidated Financial Statements for description of Viad's revolving bank credit agreement, which supports its commercial paper obligations.
(2) See Note C of Notes to Consolidated Financial Statements for a summary of investments and their classification and carrying amounts in accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." As detailed therein, securities classified as "available for sale" are carried at market value, and the market value of securities classified as "held to maturity" exceeded carrying amounts by $10,415,000 at March 31, 1998.

NOTE C--Investments Restricted for Payment Service Obligations

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

(000 omitted)	March 31, 1998	December 31, 1997
Securities available for sale, at fair value (amortized cost of $1,172,041 and $1,074,371)	$ 1,191,818	$ 1,096,706
Securities held to maturity, at amortized cost (fair value of		

$600,411 and $559,497)	589,996	548,773
	1,781,814	1,645,479
Less current maturities	(31,962)	(30,015)
	$ 1,749,852	$ 1,615,464

NOTE D--Debt

At March 31, 1998 and December 31, 1997, Viad classified as long- term debt $74,000,000 and $50,000,000, respectively, of short- term borrowings which, along with the $90,000,000 commercial paper issued to Viad's payment services subsidiary, are supported by unused commitments under a $300,000,000 long-term revolving bank credit agreement.

In late March 1997, Viad repurchased $58,414,000 par value of its 10.5 percent subordinated debentures at a premium, resulting in an extraordinary charge of $8,458,000.

NOTE E--Income Taxes

A reconciliation of the provision for income taxes and the amount that would be computed using statutory federal income tax rates on income before income taxes for the three months ended March 31, is as follows:

(000 omitted)	1998	1997
Computed income taxes at statutory federal income tax rate of 35%	$ 7,763	$ 5,254
Nondeductible goodwill amortization	1,051	1,039
Minority interests	97	127
State income taxes	673	829
Tax-exempt income	(5,350)	(4,199)
Adjustment to estimated annual effective rate	2,000	1,750
Other, net	568	(308)
Provision for income taxes	$ 6,802	$ 4,492

NOTE F--Supplementary Information--Revenues and Operating Income

	Three months ended March 31,			
	Revenues		Operating Income	
(000 omitted)	1998	1997	1998	1997
Airline Catering and Services (1)	$ 235,128	$ 211,829	$ 13,932	$ 13,147
Convention Services (1)	209,587	209,327	20,347	18,489
Travel and Leisure and Payment Services (1)(2)	158,065	148,570	6,653	7,074
Total principal business segments (1)	$ 602,780	$ 569,726	40,932	38,710
Corporate activities and nonoperating items, net (1)			(6,205)	(7,983)
Sale of trade accounts receivable expense			(1,096)	(1,088)
			$ 33,631	$ 29,639

(1) In 1998, Viad began charging its operating subsidiaries an increased allocation of Corporate expenses, which for the first quarter of 1998 equaled about 75 percent of the reduction in expense for Corporate activities. The increased charges for Corporate expenses reduced 1998 operating income of Viad's segments, resulting in lower reported increases over 1997 segment operating income levels.

(2) Viad's payment services subsidiary is investing increasing amounts in tax-exempt securities. On a fully taxable equivalent basis, revenues and operating income would be higher by $8,231,000 and $6,460,000 for the 1998 and 1997

quarters, respectively.

NOTE G--Impact of New Accounting Pronouncement

In March 1998, the American Institute of Certified Public Accountants issued Statement of Position ("SOP") 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." The SOP, which becomes effective in 1999, outlines capitalization criteria for certain development costs of software to be used internally. Viad expects to adopt the SOP in the first quarter of 1999 for software developmental costs incurred in that quarter and thereafter. The effect of the adoption of SOP 98-1 on Viad's consolidated financial position or results of operations has not yet been determined.

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

RESULTS:

There were no material changes in the nature of Viad's business, nor were there any other changes in the general characteristics of its operations as described and discussed in the first paragraph of the results section of Management's Discussion and Analysis of Results of Operations and Financial Condition presented in the Viad Corp Annual Report to Stockholders for the year ended December 31, 1997.

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

COMPARISON OF FIRST QUARTER OF 1998 TO THE FIRST QUARTER OF 1997:

In the first quarter of 1998, revenues increased $33.1 million, or 5.8 percent, to $602.8 million from $569.7 million in 1997. The 1998 first quarter operating income of Viad's principal business segments increased $2.2 million, or 5.7 percent, over that of 1997. Viad's 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, revenues rose 6.0 percent and operating income of principal business segments increased $4.0 million, or 8.8 percent.

Income for the first quarter of 1998 was $15.4 million, or $0.15 per share, compared to income before extraordinary charge of $10.5 million, or $0.11 per share, for the 1997 quarter. There were 5 million more average outstanding and potentially dilutive common shares outstanding in 1998 than in 1997, due primarily to the acquisition of Game Financial Corporation in December 1997 (for approximately 2.6 million shares of Viad common stock), stock option exercises over the past year and the effects of a higher Viad stock price on the calculation of additional common shares arising from unexercised stock options.

Net income for the first quarter of 1998 was $15.4 million, or $0.15 per share. Net income for the first quarter of 1997 was $2.1 million, or $0.02 per share, after deducting an extraordinary charge of $8.5 million (net of tax benefit of $4.6 million), or $0.09 per share, for the early retirement of debt.

In 1998, Viad began charging its operating subsidiaries an increased allocation of Corporate expenses. The increased charges for Corporate expenses reduced 1998 operating income of Viad's segments, resulting in lower reported increases over 1997 segment operating income levels.

AIRLINE CATERING AND SERVICES.
The first quarter 1998 revenues of the Airline Catering and Services group were $235.1 million, an 11.0 percent increase from the 1997 first quarter revenues of $211.8 million. Operating income increased $800,000, or 6.0 percent (8.3 percent before the increased corporate allocation), over that of the 1997 first quarter. Revenues and operating income increased due to new catering business added throughout 1997 and increased traffic and flights. Revenues and operating income from the airplane fueling and ground handling business were essentially even. On April 6, 1998, Viad announced the sale of its Aircraft Services International Group ("ASIG"), which constituted the fueling and ground handling portion of Viad's airline catering and services segment. See Recent Developments. Operating margins decreased slightly to 5.9 percent (6.1 percent before the increased corporate allocation) from 1997's 6.2 percent due to lower margins at ASIG.

CONVENTION SERVICES.
Convention Services first quarter 1998 revenues increased $300,000, or 0.1 percent, to $209.6 million from $209.3 million in the 1997 first quarter, as GES Exposition Services continued to eliminate low-margin business in the 1998 quarter. Operating income increased $1.9 million, or 10.0 percent (13.0 percent before the increased corporate allocation), and operating margins increased from 8.8 percent in the 1997 quarter to 9.7 percent (10.0 percent before the increased corporate allocation) in 1998, due to improved cost controls and higher margin business.

TRAVEL AND LEISURE AND PAYMENT SERVICES.
Revenues of the Travel and Leisure and Payment Services companies were $158.1 million for the first quarter of 1998, up $9.5 million, or 6.4 percent, from those of the 1997 first quarter. Operating income decreased 6.0 percent to $6.7 million. On the fully taxable equivalent basis, first quarter revenues and operating income would have been higher by $8.2 million and $6.5 million in 1998 and 1997, respectively, resulting in a 7.3 percent revenue increase and a 10.0 percent (13.7 percent before the increased corporate allocation) operating income increase. The results of Game Financial Corporation ("Game"), which was acquired in December 1997, substantially offset prior-year revenues and operating income from Crystal Holidays and Jetsave, two small British travel companies sold in October 1997. Operating margins on the fully taxable equivalent basis would be 9.0 percent (9.3 percent before the increased corporate allocation) in the first quarter of 1998, up from 8.7 percent in the 1997 first quarter.

On the fully taxable equivalent basis, payment services revenues and operating income increased $24.1 million and $2.7 million, respectively, over those of 1997's first quarter, primarily due to acquisitions made in 1997, including Game in December 1997. In addition, larger investment balances resulted in increased investment income.

Duty Free and shipboard concession revenues decreased $500,000 from those of the 1997 first quarter. One customer had a cruise ship in extended drydock during the first quarter of 1998, contributing to fewer shipboard passenger days. Operating income increased $200,000 over that of the 1997 first quarter, due primarily to cost controls.

Travel tour service revenues decreased $400,000 from those of the 1997 first quarter, primarily as a result of weaker off-season package tour traffic. Operating income was even with that of the 1997 first quarter, as operating cost reductions offset the revenue decline.

Restaura foodservice revenues and operating income for the 1998 first quarter decreased from those of the 1997 first quarter by $1 million and $700,000, respectively. A portion of the revenue decrease is attributable to a major customer experiencing reduced overtime and weekend production at several locations. The decline in operating income was caused in part by start-up costs of concession operations at Bank One Ballpark (in preparation for the inaugural season of the Arizona Diamondbacks major league baseball franchise).

CORPORATE ACTIVITIES AND NONOPERATING ITEMS, NET.
Corporate activities and nonoperating items, net, decreased $1.8 million in the first quarter of 1998 compared to the first quarter of 1997. As discussed above, Viad began charging its operating subsidiaries an increased allocation of Corporate expenses in 1998. Approximately 75 percent of the first quarter decline in corporate expenses is due to the increased allocation to Viad's segments.

SALE OF TRADE ACCOUNTS RECEIVABLE EXPENSE.
Expenses from the sale of trade accounts receivable in the first quarter of 1998 were essentially even with those of the 1997 first quarter, as the level of trade receivables sold was unchanged from the prior year.

INTEREST EXPENSE.
Interest expense decreased $3.1 million from that of the 1997 first quarter, due to the repayment of debt from proceeds from the sales of noncore assets and businesses in 1997. In addition, in late March 1997, Viad repurchased $58.4 million par value of its 10.5 percent subordinated debentures, resulting in lower interest expense going forward.

INCOME TAXES.
The effective tax rate in the 1998 first quarter was 30.7 percent, up from 29.9 percent in the 1997 first quarter, as increases in tax-exempt income by Viad's payment services subsidiary are slowing relative to overall income growth.

LIQUIDITY AND CAPITAL RESOURCES:

Viad's total debt at March 31, 1998 was $434.1 million compared with $410.1 million at December 31, 1997. The debt-to-capital ratio at March 31, 1998 was 0.44 to 1 compared to 0.43 to 1 at December 31, 1997.

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.

RECENT DEVELOPMENTS:

On April 6, 1998, Viad announced the sale of Aircraft Services International Group ("ASIG"), which conducted fueling and ground handling operations. The sale proceeds were used to repay short- term borrowings. ASIG's operations are included in Viad's Airline Catering and Services segment. Gain on sale of ASIG, after deducting costs of sale, related expense provisions and income taxes, will be recorded in second quarter 1998 results.

On April 6, 1998, Viad announced that it had signed an agreement and plan of merger with MoneyGram Payment Systems, Inc. ("MoneyGram") pursuant to which Viad would acquire MoneyGram. MoneyGram is a provider of consumer money wire transfer services, and the MoneyGram business is intended to be part of Viad's Travelers Express Company. On April 10, 1998, Viad commenced a cash tender offer, through the filing of Schedule 14D-1 with the Securities and Exchange Commission, for all outstanding shares of MoneyGram at a purchase price of $17 per share. Such offer was scheduled to expire on May 8, 1998.

At the close of business on May 8, 1998, there were 4,976,441 shares tendered, representing approximately 30.1 percent of the outstanding MoneyGram shares. The cash tender offer was increased to $17.35 per share on May 11, 1998, which would result in a total purchase price of approximately $306 million, including fees and expenses related to the offer. The revised offer is scheduled to expire on May 22, 1998. Viad also stated that it will not further increase its offer price above $17.35 per share. The offer is subject to the valid tender of a majority of MoneyGram's outstanding shares.

There were no other material changes in Viad's financial condition nor were there any substantive changes relative to matters discussed in the Liquidity and Capital Resources section of Management's Discussion and Analysis of Results of Operations and Financial Condition as presented in Viad Corp's Annual Report to Stockholders for the year ended December 31, 1997.

PART II. OTHER INFORMATION

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

(a) The annual meeting of stockholders of Viad Corp was held May 12, 1998.

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

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

1. The election of Directors as follows:

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Jess Hay
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Affirmative Vote . . . . . . . . . . . . . . . . . . . . 76,332,440
Withheld Authority . . . . . . . . . . . . . . . . . . . . .629,031

Linda Johnson Rice
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Affirmative Vote . . . . . . . . . . . . . . . . . . . . 76,339,450
Withheld Authority . . . . . . . . . . . . . . . . . . . . .622,021

Timothy R. Wallace
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Affirmative Vote . . . . . . . . . . . . . . . . . . . . 76,347,636
Withheld Authority . . . . . . . . . . . . . . . . . . . . .613,835
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2. The appointment of Deloitte & Touche LLP to audit the accounts of Viad and its subsidiaries for the fiscal year 1998.

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Affirmative Vote . . . . . . . . . . . . . . . . . . . . 76,523,432
Against. . . . . . . . . . . . . . . . . . . . . . . . . .179,786
Abstentions. . . . . . . . . . . . . . . . . . . . . . . .258,253
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Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibit No. 10 - Employment Agreement

Exhibit No. 27 - Financial Data Schedule

(b) No reports on Form 8-K were filed by the registrant during the quarter for which this report is filed. However, a report on Form 8-K was filed April 10, 1998, reporting under Items 5 and 7 Viad's press release announcement that Viad had commenced a cash tender offer, through the filing of Schedule 14D-1 with the Securities and Exchange Commission, for all outstanding shares of MoneyGram Payment Systems, Inc. at a purchase price of $17 per share and, in a separate announcement, that Viad had sold Aircraft Services International Group. In addition, a report on Form 8-K was filed May 13, 1998, reporting under Items 5 and 7 Viad's press release announcement that Viad had increased the MoneyGram cash tender offer to $17.35 per share and had extended the scheduled expiration date to May 22, 1998. See Recent Developments.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VIAD CORP
(Registrant)

May 13, 1998

By /s/ Richard C. Stephan
Richard C. Stephan
Vice President-Controller
(Chief Accounting Officer
and Authorized Officer)

Exhibit 10

EMPLOYMENT AGREEMENT

AGREEMENT by and between Viad Corp, a Delaware corporation (the "Company"), and Robert H. Bohannon (the "Executive"), dated as of the 1st day of April, 1998.

WHEREAS, the Board of Directors of the Company (the "Board") has determined that it is in the best interests of the Company and its shareholders to employ the Executive as Chief Executive Officer ("CEO"), and the Executive desires to serve in that capacity;

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. EMPLOYMENT PERIOD. (a) The Company shall employ the Executive, and the Executive shall serve the Company, on the terms and conditions set forth in this Agreement, for the Employment Period (as defined in the next sentence). The "Employment Period" shall mean the period beginning on April 1, 1998, and ending on March 31, 2001; provided, however, that on April 1, 1999, and on each subsequent anniversary of such date (each such anniversary thereof being hereinafter referred to as a "Renewal Date"), unless previously terminated, the Employment Period shall be automatically extended by one year.

(b) This Employment Agreement shall terminate automatically when the Executive reaches the age of 65 years old. No notice shall be required.

2. POSITION AND DUTIES. (a) During the Employment Period, the Executive shall serve as Chairman and CEO of the Company and, subject to the direction of the Board, shall have full authority for management of the Company and all its operations, financial affairs, facilities and investments. The Executive shall serve as a member of the Board, shall act as the duly authorized representative of the Board and shall be an ex-officio member of all committees of the Board to which he is appointed.

(b) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive shall devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive under this Agreement, use the Executive's reasonable best efforts to carry out such responsibilities faithfully and efficiently. It shall not be considered a violation of the foregoing for the Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement.

(c) The Executive's services shall be performed primarily at Viad Tower, Phoenix, Arizona, or such other location designated by the Board.

3. COMPENSATION. (a) BASE SALARY. During the Employment Period, the Executive shall receive an annual base salary ("Annual Base Salary") of $750,000.00, payable twice each month. During the Employment Period, the Annual Base Salary shall be reviewed for possible increase at least annually. Annual increases shall be no less than the lesser of 5% or the increase in the Consumer Price Index ("CPI") for prior annual period. Any increase in the Annual Base Salary shall not limit or reduce any other obligation of the Company under this Agreement.

(b) ANNUAL BONUS. In addition to the Annual Base Salary, the Executive shall be awarded, for each calendar year or portion thereof, ending during the Employment Period, an annual bonus (the "Annual Bonus") as determined by the Board. Each Annual Bonus or Management Incentive Plan ("MIP"), as it is sometimes called, shall be paid in a single cash lump sum no later than 90 days after the end of the calendar year for which the Annual Bonus is awarded, unless the Executive elects in writing, before the end of the year for which the Annual Bonus is to be awarded, to defer receipt of the Annual Bonus.

(c) OTHER BENEFITS. During the Employment Period:
the Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs of the Company to the same extent as peer executives; and (ii) the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in, and shall receive all benefits under, all welfare benefit plans, practices, policies and programs provided by the Company (including, without limita- tion, medical, prescription, dental, disability, salary con- tinuance, employee life insurance, group life insurance, accidental death and travel accident insurance plans and programs) to the same extent as peer executives. The term "peer executives" means senior vice presidents of the Company.

(d) EXPENSES. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in carrying out the Executive's duties under this Agreement, provided that the Executive complies with the policies, practices and procedures of the Company for submission of expense reports, receipts, or similar documentation of such expenses.

(e) FRINGE BENEFITS. During the Employment Period, the Executive shall be entitled to fringe benefits, such as tax and financial planning services, payment of lunch and country club dues, use of an automobile and payment of related expenses, use of company aircraft, and an annual physical.

(f) VACATION. During the Employment Period, the Executive shall be entitled to paid vacation of five weeks per year.

4. EARLY TERMINATION OF EMPLOYMENT. (a) DEATH OR DISABILITY. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. The Company shall be entitled to terminate the Executive's employment because of the Executive's Disability during the Employment Period. "Disability" means that the Executive has been unable, for a period of 180 consecutive business days, to perform the Executive's duties under this Agreement, as a result of physical or mental illness or injury, and a physician selected by the Company or its insurers, and acceptable to the Executive or the Executive's legal representative, has determined that the Executive's incapacity is total and permanent. A termination of the Executive's employment by the Company for Disability shall be communicated to the Executive by written notice, and shall be effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), unless the Executive returns to full-time performance of the Executive's duties before the Disability Effective Date.

(b) EARLY TERMINATION BY THE COMPANY. The Company may terminate the Executive's employment during the Employment Period at any time, without a stated reason, by a vote of a majority of the Board, excluding Executive. The Board shall also determine the date of Early Termination.

(c) EARLY TERMINATION FOR CAUSE. The Company may terminate the Executive's employment for cause as defined below in accordance with the following procedure:

Cause defined: For purposes of the Agreement, the Company shall have "Cause" to terminate the Executive's employment upon (A) the willful and continued failure by the Executive to substantially perform his duties (other than any such failure resulting from the Executive's incapacity due to physical or mental illness) after demand for substantial performance is delivered by the Company specifically identifying the manner in which the Company believes the Executive has not substantially performed his duties, or (B) the willful engaging by the Executive in misconduct which is materially injurious to the Company, monetarily or otherwise. No act, or failure to act, on the Executive's part shall be considered "willful" unless done, or omitted to be done, by him not in good faith and without reasonable belief that his action or omission was in the best interest of the Company. Notwithstanding the foregoing, the Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to the Executive a copy of a resolution, duly adopted by the affirmation vote of not less than three-quarters (3/4) of the entire membership of the Board, excluding Executive, at a meeting of the Board called and held for such purposes (after reasonable notice to the Executive and an opportunity for him, together with his counsel, to be heard before the Board), finding that in the good faith opinion of the Board, the Executive was guilty of conduct set forth above in clause (A) or (B).

(d) EARLY TERMINATION BY EXECUTIVE. The Executive may terminate employment voluntarily at any time after giving the Company at least 180 day's advance written notice.

5. OBLIGATIONS OF THE COMPANY. (a) DEATH OR DISABILITY. If the Executive's employment is terminated by reason of the Executive's death or Disability during the Employment Period, the Company shall pay the Pro Rata Benefits or Obligations to the Executive or the Executive's estate or legal representative, as applicable, in a lump sum in cash within 90 days after the Date of Death or Disability Termination, and the Company shall have no further obligations under this Agreement.

(b) EARLY TERMINATION BY THE BOARD. If, during the Employment Period, the Company terminates the Executive's employment, other than for Death or Disability, the Company shall pay the amounts and provide the benefits described below to the Executive and shall, at its sole expense as incurred, provide the Executive with outplacement services, the scope and provider of which shall be selected by the Executive in the Executive's sole discretion. The payments and benefits provided pursuant to this paragraph (b) of Section 5 are intended as liquidated damages for a termination of the Executive's employment by the Company and shall be the sole and exclusive remedy therefor. The amounts to be paid and the benefits to be provided as described above are:

(i) Severance pay equal to three times the sum of
(1) the Annual Current Salary and (2) the average of the last three annual Bonuses or MIP awards paid to Executive, such payment to be made in a lump sum;

(ii) Performance Based Stock ("PBS") and Performance Unit Incentive Plans ("PUP") awards to Executive as of the date of Early Termination shall be prorated to the date of Early Termination and the Executive shall be paid in accordance with the respective PBS or PUP plans but no new PBS or PUP awards shall be granted after the date of Early Termination;

(iii) All stock options awarded to Executive shall vest as of the day of Early Termination;

(iv) Executive shall be provided with Executive Medical Coverage for a period of three years from the date of Early Termination; and

(v) Executive shall be entitled to pension credits for the period of three years from the date of Early Termination in accordance with the Company's pension plans.

(c) UPON EARLY TERMINATION FOR CAUSE. The Executive shall be paid:

(i) 1 year's salary.

(ii) Accrued MIP prorated to date of early termination.

(iii) PUP and PBS shall terminate without any further payments.

(d) UPON EARLY TERMINATION BY EXECUTIVE. The Executive shall be paid:

(i) One year's salary and shall be credited with one additional year's pension credit.

(ii) Prorated MIP to date of Early Termination.

(iii) PBS and PUP awards, outstanding as of the date of Early Termination, shall lapse and no vesting of PBS awards shall occur and no payments for PUP shall be paid to the Executive.

(iv) Executive shall be entitled to exercise only stock options which have vested prior to Early Termination by Executive.

(e) UPON ORDINARY RETIREMENT. The Executive shall be paid:

(i) Salary and accrued MIP, PUP, and PBS prorated to the date of Ordinary Retirement.

(ii) All accrued other benefits as of the date of Ordinary Retirement shall be paid to the Executive in accordance with their respective plans.

(iii) Life-time executive medical benefits for the Executive.

(iv) Other benefits as may be determined by the Board.

6. NON-EXCLUSIVITY OF RIGHTS. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies for which the Executive may qualify, nor, subject to paragraph (f) of Section 10, shall anything in this Agreement limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliated companies. Vested benefits and other amounts that the Executive is otherwise entitled to receive under any plan, policy, practice or program of, or any contract or agreement with, the Company or any of its affiliated companies on or after the Date of Termination shall be payable in accordance with such plan, policy, practice, program, contract or agreement. Specifically, in the event of a "Change of Control," as defined in the Executive Severance Agreement applicable to the Executive, the terms of the Executive Severance Agreement shall control to the extent they provide an additional or enhanced benefit.

7. FULL SETTLEMENT. The Company's obligation to make the payments provided for in, and otherwise to perform its obligations under, this Agreement shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action that the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement.

8. CONFIDENTIAL INFORMATION; NONCOMPETITION. (a) The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies and their respective businesses that the Executive obtains during the Executive's employment by the Company or any of its affiliated companies and that is not public knowledge (other than as a result of the Executive's violation of this paragraph (a) of Section 8) ("Confidential Information"). The Executive shall not communicate, divulge or disseminate Confidential Information at any time during or after the Executive's employment with the Company, except with the prior written consent of the Company or as otherwise required by law or legal process.

(b) During the Noncompetition Period (as defined below), the Executive shall not, without the prior written consent of the Board, engage in or become associated with a Competitive Activity. For purposes of this paragraph (b) of Section 8: (i) the "Noncompetition Period" means three (3) years from the date of Early Termination or Ordinary Retirement; (ii) a "Competitive Activity" means any business or other endeavor that engages in businesses similar to those conducted by the Company; and (iii) the Executive shall be considered to have become "associated with a Competitive Activity" if he becomes directly or indirectly involved as an owner, employee, officer, director, independent contractor, agent, partner, advisor, or in any other capacity calling for the rendition of the Executive's personal services, with any individual, partnership, corporation or other organization that is engaged in a Competitive Activity. Not- withstanding the foregoing, the Executive may make and retain investments during the Employment Period in not more than five percent of the equity of any entity engaged in a Competitive Activity, if such equity is listed on a national securities ex- change or regularly traded in an over-the-counter market.

9. SUCCESSORS. (a) This Agreement is personal to the Executive and, without the prior written consent of the Company, shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would have been required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean both the Company as defined above and any such successor that assumes and agrees to perform this Agreement, by operation of law or otherwise.

10. MISCELLANEOUS. (a) This Agreement shall be governed by, and construed in accordance with, the laws of the State of Arizona, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified except by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications under this Agreement shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

IF TO THE EXECUTIVE:

Robert H. Bohannon

2410 Viad Tower
1850 N. Central Avenue
Phoenix, AZ 85077

IF TO THE COMPANY:

Viad Corp
2212 Viad Tower
1850 N. Central Avenue
Phoenix, AZ 85077
Attention: General Counsel

or to such other address as either party furnishes to the other in writing in accordance with this paragraph (b) of Section 11. Notices and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any pro- vision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement. If any provision of this Agreement shall be held invalid or un- enforceable in part, the remaining portion of such provision, together with all other provisions of this Agreement, shall remain valid and enforceable and continue in full force and effect to the fullest extent consistent with law.

(d) Notwithstanding any other provision of this Agreement, the Company may withhold from amounts payable under this Agreement all federal, state, local and foreign taxes that are required to be withheld by applicable laws or regulations.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision of, or to assert any right under, this Agreement (including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to paragraph (c) of Section 4 of this Agreement) shall not be deemed to be a waiver of such provision or right or of any other provision of or right under this Agreement.

(f) The Executive and the Company acknowledge that this Agreement supersedes any other agreement between them concerning the subject matter hereof.

(g) This Agreement may be executed in several counterparts, each of which shall be deemed an original, and said counterparts shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization of its Board of Directors, the Company has caused this Agreement to be executed in its name on its behalf, all as of the day and year first above written

/s/ Robert H. Bohannon

VIAD CORP

By: /s/ Peter J. Novak
Vice President &
General Counsel

ARTICLE 5

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

MULTIPLIER: 1,000 Exhibit 27 VIAD CORP FINANCIAL DATA SCHEDULE

FISCAL YEAR END	DEC 31 1998
PERIOD END	MAR 31 1998
PERIOD TYPE	3 MOS
CASH	29,490
SECURITIES	0
RECEIVABLES	141,341
ALLOWANCES	4,787
INVENTORY	109,414
CURRENT ASSETS	836,171
PP&E	858,418
DEPRECIATION	397,289
TOTAL ASSETS	3,755,806
CURRENT LIABILITIES	2,636,418
BONDS	401,911
COMMON	149,610
PREFERRED MANDATORY	6,615
PREFERRED	0
OTHER SE	389,235
TOTAL LIABILITY AND EQUITY	3,755,806
SALES	0
TOTAL REVENUES	602,780
CGS	0
TOTAL COSTS	561,848
OTHER EXPENSES	7,301
LOSS PROVISION	0
INTEREST EXPENSE	11,174
INCOME PRETAX	22,181
INCOME TAX	6,802
INCOME CONTINUING	15,379
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	15,379
EPS PRIMARY	0.16
EPS DILUTED	0.15