VIAD CORP

FORM 10-Q
(Quarterly Report)

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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 September 30, 1996
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 September 30, 1996, 95,607,699 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)	September 30, 1996	December 31, 1995
ASSETS		
Current assets:		
Cash and cash equivalents	$ 9,174	$ 16,133
Receivables, less allowance of $17,637 and $14,793	189,972	161,600
Inventories	94,580	84,462
Deferred income taxes	23,996	31,639
Other current assets	57,593	42,170
	375,315	336,004
Funds, agents' receivables and current maturities of investments, substantially all restricted for payment service obligations, after eliminating $90,000 invested in Viad commercial paper	533,350	786,081
Total current assets	908,665	1,122,085
Investments restricted for payment service obligations	1,004,309	880,035
Property and equipment	593,199	561,569
Other investments and assets	107,916	103,508
Investments in discontinued operations	--	481,269
Deferred income taxes	63,229	55,882
Intangibles	541,996	519,332
	$ 3,219,314	$ 3,723,680

(000 omitted, except number of shares)	September 30, 1996	December 31, 1995
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 159,096	$ 118,212
Accrued compensation	60,830	64,918
Other current liabilities	221,767	248,581
Current portion of long-term debt	2,237	77,450
	443,930	509,161
Payment service obligations	1,600,685	1,739,508
Total current liabilities	2,044,615	2,248,669
Long-term debt	582,460	811,841
Pension and other benefits	64,286	59,967
Other deferred items and insurance reserves	50,531	35,819
Minority interests	8,887	12,618
$4.75 Redeemable preferred stock	6,604	6,597
Common stock and other equity:		
Common stock, $1.50 par value, 200,000,000 shares authorized, 97,108,724 shares issued	145,663	145,663
Additional capital	272,770	362,205
Retained income	185,353	322,439
Cumulative translation adjustments	(1,447)	(18,380)
Unearned employee benefits	(106,116)	(213,996)
Unrealized gain (loss) on securities available for sale	(5,375)	1,456
Common stock in treasury, at cost, 1,501,025 and 2,877,500 shares	(28,917)	(51,218)
Total common stock and other equity	461,931	548,169
	$ 3,219,314	$ 3,723,680

See Notes to Consolidated Financial Statements.

VIAD CORP
STATEMENT OF CONSOLIDATED INCOME

Quarter ended September 30, (000 omitted, except per share data)	1996	1995
REVENUES	$ 623,127	$ 542,675
Costs and expenses:		
Costs of sales and services	558,476	484,329
Asset write-downs		55,500
Unallocated corporate expense and other items, net	8,143	6,839
Spin-off transaction costs	3,000	
Interest expense	14,357	14,097
Minority interests	936	1,933
	584,912	562,698
Income (loss) before income taxes	38,215	(20,023)
Income taxes (benefit)	13,064	(7,901)
INCOME (LOSS) FROM CONTINUING OPERATIONS	25,151	(12,122)
Income (loss) from discontinued operations	(4,729)	(77,615)
NET INCOME (LOSS)	$ 20,422	$ (89,737)
INCOME (LOSS) PER COMMON SHARE:		
Continuing operations	$ 0.27	$ (0.15)
Discontinued operations	(0.05)	(0.87)
NET INCOME (LOSS) PER COMMON SHARE	$ 0.22	$ (1.02)
Dividends declared per common share	$ 0.08	$ 0.16
Average outstanding common and equivalent shares	92,192	88,760

See Notes to Consolidated Financial Statements.

VIAD CORP
STATEMENT OF CONSOLIDATED INCOME

Nine months ended September 30, (000 omitted, except per share data)	1996	1995
REVENUES	$ 1,775,142	$ 1,540,104
Costs and expenses:		
Costs of sales and services	1,615,957	1,398,657
Asset write-downs		55,500
Unallocated corporate expense and other items, net	27,066	24,458
Spin-off transaction costs	15,000	
Interest expense	43,065	40,618
Minority interests	1,571	2,673
	1,702,659	1,521,906
Income before income taxes	72,483	18,198
Income taxes	27,620	3,820
INCOME FROM CONTINUING OPERATIONS	44,863	14,378
Income (loss) from discontinued operations	14,171	(38,963)
Income (loss) before cumulative effect of change in accounting principle	59,034	(24,585)
Cumulative effect, net of tax benefit of $8,459, to January 1, 1995, of initial application of SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of"		(13,875)
NET INCOME (LOSS)	$ 59,034	$ (38,460)
INCOME (LOSS) PER COMMON SHARE:		
Continuing operations	$ 0.48	$ 0.15
Discontinued operations	0.16	(0.43)
Income (loss) before cumulative effect of change in accounting principle	0.64	(0.28)
Cumulative effect of change in accounting principle		(0.16)
NET INCOME (LOSS) PER COMMON SHARE	$ 0.64	$ (0.44)
Dividends declared per common share	$ 0.40	$ 0.46
Average outstanding common and equivalent shares	91,338	88,394

See Notes to Consolidated Financial Statements.
/TABLE

VIAD CORP
STATEMENT OF RETAINED INCOME

Nine months ended September 30, (000 omitted)	1996	1995
Balance, beginning of year	$ 322,439	$ 393,233
Net income (loss)	59,034	(38,460)
Dividends on common and preferred stock	(36,374)	(40,686)
Distribution of the consumer products business to Viad stockholders	(160,026)	
Other	280	1,217
Balance, end of period	$ 185,353	$ 315,304

See Notes to Consolidated Financial Statements.

VIAD CORP
STATEMENT OF CONSOLIDATED CASH FLOWS

Nine months ended September 30, (000 omitted)	1996	1995
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES:		
Net income (loss)	$ 59,034	$ (38,460)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	63,637	57,525
Deferred income taxes	7,402	(16,751)
Spin-off transaction costs	15,000	
Asset write-downs		55,500
Discontinued operations (income) loss	(14,171)	38,963
Cumulative effect of change in accounting principle		13,875
Curtailment gain		(3,477)
Other noncash items, net	3,828	827
Change in operating assets and liabilities:		
Receivables and inventories	(40,829)	(33,173)
Payment service assets and obligations, net	130,893	119,685
Accounts payable and accrued compensation	34,293	25,123
Other assets and liabilities, net	(51,448)	(29,401)
Net cash provided by operating activities	207,639	190,236
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES:		
Capital expenditures	(48,568)	(38,540)
Purchases of cruise ships previously leased		(111,103)
Acquisitions of businesses, net of cash acquired	(19,396)	(25,060)
Proceeds from sales of property and equipment	8,254	5,639
Investments restricted for payment service obligations:		
Proceeds from sales and maturities of securities classified as available for sale	379,925	390,833
Proceeds from maturities of securities classified as held to maturity	7,784	12,201
Purchases of securities classified as available for sale	(384,606)	(403,416)
Purchases of securities classified as held to maturity	(157,253)	(103,463)
Investments in and advances from (to) discontinued operations, net	15,109	(9,331)
Other, net	(348)	(63)
Net cash used by investing activities	(199,099)	(282,303)
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES:		
Proceeds from long-term borrowings	--	40,000
Payments on long-term borrowings	(77,666)	(2,218)
Net change in short-term borrowings	51,966	25,810
Dividends on common and preferred stock	(36,374)	(40,686)
Proceeds from sales of treasury stock	38,377	25,505
Net change in receivables sold	14,207	39,553
Cash payments on interest rate swaps	(6,009)	(9,509)
Net cash (used) provided by financing activities	(15,499)	78,455
Net decrease in cash and cash equivalents	(6,959)	(13,612)
Cash and cash equivalents, beginning of year	16,133	24,514
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 9,174	$ 10,902

Noncash investing and financing activities include the following:	
Assumption of debt by The Dial Corporation	$ 280,000
Distribution of equity in the consumer products business to Viad stockholders	155,450
	435,450
Acquisition of minority interest in the Canadian tourism business and other assets in exchange for Viad's ownership in the intercity bus transportation business	44,881
Decrease in investments in discontinued operations	$ 480,331

See Notes to Consolidated Financial Statements.

VIAD CORP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A--Basis of Preparation

The Consolidated Financial Statements of Viad Corp ("Viad"), previously known as The Dial Corp, include the accounts of Viad and all of its subsidiaries.

On August 15, 1996, Viad spun off its consumer products business, now conducted under the name The Dial Corporation. Viad also disposed of its 68.5 percent ownership interest in its Canadian intercity bus transportation business on May 31, 1996. The accompanying financial statements have been prepared to reflect Viad's historical financial position and results of operations as adjusted for the reclassification of the consumer products and Canadian intercity bus transportation businesses as discontinued operations. See Note F of Notes to Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations.

This information should be read in conjunction with the financial statements set forth in The Dial Corp Annual Report to Stockholders for the year ended December 31, 1995 and the Viad Corp Form 8-K dated as of August 15, 1996 (filed September 13, 1996).

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 September 30, 1996, its results of operations for the quarters and nine months ended September 30, 1996 and 1995, and its cash flows for the nine months ended September 30, 1996 and 1995 have been included. Interim results of operations are not necessarily indicative of the results of operations for the full year.

NOTE B--Investments Restricted for Payment Service Obligations

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

(000 omitted)	September 30, 1996	December 31, 1995
Securities available for sale, at fair value (amortized cost of $704,267 and $701,143)	$ 695,456	$ 703,450
Securities held to maturity, at amortized cost (fair value of $334,014 and $191,186)	339,524	190,271
	1,034,980	893,721
Less current maturities	(30,671)	(13,686)
	$ 1,004,309	$ 880,035

NOTE C--Debt

At September 30, 1996 and December 31, 1995, Viad classified as long-term debt $149 million and $377 million, respectively, of short-term borrowings supported by unused commitments under a long-term revolving bank credit agreement. In connection with the August 15, 1996, Distribution of the consumer products business, Viad borrowed $280 million under a new $350 million bank credit facility and used the proceeds to repay floating rate indebtedness of Viad. The credit facility and the related liability were then assumed by The Dial Corporation, effectively transferring $280 million of Viad's outstanding indebtedness to The Dial Corporation. Viad's reduced short-term borrowings are supported by unused commitments under a $400 million long-term revolving bank credit agreement. See Management's Discussion and Analysis of Financial Condition and Results of Operations-- Liquidity and Capital Resources.

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

(000 omitted)	Quarter ended September 30, 1996	Quarter ended September 30, 1995	Nine months ended September 30, 1996	Nine months ended September 30, 1995
Revenues:				
Airline Catering and Services	$ 225,712	$ 212,951	$ 633,694	$ 603,916
Convention Services	191,591	130,302	579,507	416,287
Travel and Leisure and Payment Services (1)	205,824	199,422	561,941	519,901
	$ 623,127	$ 542,675	$ 1,775,142	$ 1,540,104
Operating Income (Loss):				
Airline Catering and Services (2)	$ 22,712	$ 21,029	$ 54,991	$ 51,058
Convention Services (3)	12,956	9,896	48,759	41,526
Travel and Leisure and Payment Services (1)(4)	28,983	(28,079)	55,435	(6,637)
Total principal business segments	64,651	2,846	159,185	85,947
Unallocated corporate expense and other items, net (2)	(8,143)	(6,839)	(27,066)	(24,458)
	$ 56,508	$ (3,993)	$ 132,119	$ 61,489

(1) 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 $6,136,000 and $4,129,000 for the 1996 and 1995 quarter, respectively, and by $15,163,000 and $11,501,000 for the 1996 and 1995 nine month periods, respectively.

(2) During 1996, Viad reclassified expenses related to its receivables sales program from Costs of sales and services to Unallocated corporate expense and other items, net. As a result, operating income of the Airline Catering and Services segment and unallocated corporate expense each increased by $530,000, $1,601,000 and $1,010,000 for the quarter ended September 30, 1995, the nine months ended September 30, 1995, and the first six months of 1996, respectively.

(3) Includes a one-time gain of $3,477,000 ($2,260,000 or $0.03 per share after-tax) in the second quarter of 1995 due to the curtailment of certain postretirement medical benefits by a convention services subsidiary.

(4) Carrying value of certain Premier Cruise Lines intangibles and other assets were written down $55,500,000 in the third quarter of 1995, in light of current and anticipated conditions in its cruise market.

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 nine months ended September 30, is as follows:

(000 omitted)	1996	1995
Computed income taxes at statutory federal income tax rate of 35%	$ 25,369	$ 6,369
Nondeductible goodwill amortization	2,932	2,089
Minority interests	550	936
State income taxes	2,729	2,758
Tax-exempt income	(9,856)	(7,476)
Spin-off transaction costs	5,250	
Other, net	646	(856)
Provision for income taxes	$ 27,620	$ 3,820

NOTE F--Discontinued Operations

The caption, "Income (loss) from discontinued operations" presented in the Statement of Consolidated Income includes the following, after income taxes where applicable:

	Quarter ended September 30,		Nine months ended September 30,	
(000 omitted)	1996	1995	1996	1995
Consumer products business:				
Income (loss) from operations through August 15, 1996, before restructuring charges and spin-off transaction costs (1)	$ (3,729)	$ 2,328	$ 35,620	$ 44,808
Restructuring charges		(82,100)		(82,100)
Spin-off transaction costs (2)	(1,000)		(5,000)	
	(4,729)	(79,772)	30,620	(37,292)
Canadian intercity bus transportation business, net of minority interests:				
Income (loss) from operations through May 31, 1996	--	2,157	(583)	2,150
Cumulative effect of initial application of SFAS No. 121				(3,821)
Spin-off and exchange transaction costs and loss on disposition (3)			(3,600)	
Recognition of previously unrealized foreign currency translation losses upon disposition (3)			(12,266)	
	--	2,157	(16,449)	(1,671)
Discontinued operations	$ (4,729)	$ (77,615)	$ 14,171	$ (38,963)

(1) In conjunction with the spin-off of Viad's consumer products business, certain liabilities and deferred income tax assets related to specified pension and postretirement plans of former employees of Armour and Company, which was previously a subsidiary of Viad, were transferred to and assumed by The Dial Corporation. Income (loss) from operations of the consumer products business includes expenses arising from such items.

(2) In connection with the spin-off of Viad's consumer products business on August 15, 1996, estimated spin-off transaction costs totaling $20,000,000 without tax benefit have been recorded, of which $16,000,000 was recorded in the second quarter of 1996 (including $4,000,000 allocated to the consumer products business) and $4,000,000 was recorded in the third quarter of 1996 (including $1,000,000 allocated to the consumer products business).

(3) Spin-off and exchange transaction costs totaling $1,579,000, associated with the May 31, 1996 disposition of the Canadian intercity bus transportation business, were recorded in the second quarter of 1996, along with a noncash loss on the disposition of $2,021,000 and the recognition of previously 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.

NOTE G--Dividends Declared Per Common Share

The third quarter common stock dividend of $0.08 per share was declared on August 15, 1996, payable to stockholders of record August 30, 1996. This was the first common stock dividend declared since the spin-off of the consumer products business and, when added together with

The Dial Corporation's third quarter dividend declaration of $0.08 per common share, results in a combined dividend rate for Viad and The Dial Corporation for the quarter and year-to-date comparable to the dividend rate of The Dial Corp prior to the spin-off.

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

RESULTS:
On August 15, 1996, Viad Corp ("Viad"), previously known as The Dial Corp, completed the spin-off of its consumer products business, now conducted under the name The Dial Corporation. In effecting the spin-off, one share of The Dial Corporation common stock was distributed for each share of Viad common stock outstanding (the "Distribution").

Effective May 31, 1996, shareholders of a majority-owned Viad subsidiary, 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 in exchange for its ownership in the intercity bus transportation business (the "Disposition").

The accompanying financial statements have been prepared to reflect Viad's historical financial position and results of operations as adjusted for the reclassification of the consumer products and Canadian intercity bus transportation businesses as discontinued operations for all periods presented. See Liquidity and Capital Resources and Note F of Notes to Consolidated Financial Statements.

COMPARISON OF THIRD QUARTER OF 1996 TO THE THIRD QUARTER OF 1995:
In the third quarter of 1996, revenues increased $80.5 million, or 14.8 percent, to $623.1 million. Excluding asset write-downs of $55.5 million recorded in the third quarter of 1995, 1996 third quarter operating income of Viad's principal business segments increased $6.3 million, or 10.8 percent, over that of 1995.

Income from continuing operations for the third quarter of 1996 was $25.2 million, or $0.27 per share. Before deducting an additional provision for estimated spin-off transaction costs of $3.0 million, or $0.03 per share, income from continuing operations for the 1996 quarter was $28.2 million, or $0.30 per share. Excluding after-tax asset write-downs of $35.1 million, or $0.40 per share, income from continuing operations for the third quarter of 1995 was $23.0 million, or $0.25 per share.

Net income for the third quarter of 1996 was $20.4 million, or $0.22 per share, compared to a net loss of $89.7 million, or $1.02 per share in the 1995 third quarter. The 1996 third quarter included a loss from discontinued operations of $4.7 million, or $0.05 per share, attributable to the consumer products business (spun-off on August 15, 1996 as The Dial Corporation). The 1995 third quarter included a loss from discontinued operations of $77.6 million, or $0.87 per share, arising from the consumer products business and the Canadian intercity bus transportation business (disposal effective May 31, 1996). The 1995 loss from discontinued operations was caused by restructuring charges of $82.1 million recorded by the consumer products business. See Note F of Notes to Consolidated Financial Statements.

AIRLINE CATERING AND SERVICES.
The third quarter 1996 revenues of the Airline Catering and Services group were $225.7 million, a 6.0 percent increase from the 1995 third quarter revenues of $213.0 million. Operating income increased $1.7 million, or 8.0 percent, over that of the 1995 third quarter, and operating margins improved to 10.1 percent from 1995's 9.9 percent. The increase in revenues and operating income is attributable primarily to new business, including an eight-city airline catering contract with a major airline phased in through the first part of 1996.

CONVENTION SERVICES.
Convention Services third quarter 1996 revenues increased $61.3 million, or 47.0 percent, to $191.6 million from $130.3 million in the 1995 third quarter, as the 1996 period benefitted from the acquisition of Giltspur Inc. in October 1995. The 1996 quarter also included revenues from contracts involving the Atlanta Olympics and the Democratic National Convention. Operating income increased $3.1 million, or 30.9 percent, as a result of the increased revenues and improved cost controls. Operating margins declined from 7.6 percent in the third quarter of 1995 to 6.8 percent in the 1996 quarter, due to the change in the mix of convention business as a result of the acquisition of Giltspur.

TRAVEL AND LEISURE AND PAYMENT SERVICES.
Revenues of the Travel and Leisure and Payment Services companies were $205.8 million for the third quarter of 1996, up $6.4 million (3.2 percent) from those of the 1995 third quarter. Excluding asset write-downs of $55.5 million in the 1995 third quarter, operating income increased 5.7 percent to $29.0 million. Viad's payment services subsidiary continues to invest increasing amounts in tax-exempt securities. On a fully taxable equivalent basis, third quarter revenues and operating income would have been higher by $6.1 million and $4.1 million in 1996 and 1995, respectively. Operating margins on the fully taxable equivalent basis would have been 16.6 percent in the third quarter of 1996, up from 15.5 percent in the 1995 third quarter. The overall third quarter segment comparison would have been better but for the June 30, 1996, sale of the Oakbrook, Illinois resort and conference hotel, which had contributed strong seasonal revenues and operating income in the 1995 quarter.

On the fully taxable equivalent basis, payment services revenues and operating income increased $3.8 million and $1.8 million, respectively, over those of 1995's third quarter, primarily as a result of increased investment income arising from larger investment balances.

Duty Free and shipboard concession revenues increased $9.5 million over those of the 1995 third quarter, due primarily to revision of an airport concession contract (formerly on a management fee basis) in December 1995, which was offset by a decrease in the number of shipboard passenger days. Operating income improved $300,000 as the cost of sales from the revised airport concession arrangement offset much of the revenue increases.

Cruise revenues decreased $300,000 from those of the 1995 third quarter due to a decreased number of passenger days. Excluding the $55.5 million write-down of Premier Cruise Line assets in the 1995 third quarter, operating results improved $1.3 million over that of 1995 due to cost reduction efforts.

Travel tour service revenues and operating income increased $3.0 million and $1.6 million, respectively, over those of the 1995 third quarter. Revenues were augmented by tour operations acquired late in 1995 as well as strong growth in icefield tour revenues.

Food service companies 1996 third quarter revenues remained even with the 1995 third quarter. Increased revenues at Glacier Park due to a later fall closing and increased business at America West Arena due to the addition of Phoenix Coyotes hockey games was offset by the closure of two fast food locations earlier in 1996 as well as the closure of the last location at Chicago's O'Hare Airport in August 1996. Operating income increased $800,000 as a result of the increased Glacier Park and America West Arena revenues as well as reduced costs.

UNALLOCATED CORPORATE EXPENSE AND OTHER ITEMS, NET. There was an increase of $1.3 million over 1995 in these expenses.

INTEREST EXPENSE.
Interest expense increased $300,000 over 1995's third quarter. Debt levels for the first part of the 1996 quarter were higher than in the 1995 quarter, due to expenditures for acquisitions late in 1995, including the acquisition of Giltspur in October 1995. As noted under Liquidity and Capital Resources, in connection with the August 15, 1996, spin-off of Viad's consumer products business, Viad borrowed $280 million under a new $350 million bank credit facility and used the proceeds to repay floating rate indebtedness of Viad. The credit facility and the related liability were then assumed by The Dial Corporation, effectively transferring a portion of Viad's outstanding indebtedness to The Dial Corporation. Thus, third quarter 1996 debt levels following the spin-off were lower.

INCOME TAXES.
Excluding the effects of the $3.0 million provision for estimated spin-off transaction costs without tax benefit in 1996, and excluding the effects of the asset write-downs in the third quarter of 1995, the effective tax rate in the 1996 third quarter was 31.7 percent, down from 35.2 percent in 1995. The reduction in the effective tax rate results primarily from the increased use of tax-exempt investments by Viad's payment services subsidiary. In addition, the lower than normal effective corporate tax rate is due to tax-exempt income becoming a larger portion of total pre-tax income upon the spin-off of the consumer products business.

COMPARISON OF FIRST NINE MONTHS OF 1996 TO THE FIRST NINE MONTHS OF 1995:
Revenues for the first nine months of 1996 increased $235.0 million, or 15.3 percent, to $1.8 billion from $1.5 billion in the same period of 1995. Excluding the 1995 second quarter one- time gain of $3.5 million (pre-tax) on curtailment of certain postretirement medical benefits in the convention services segment and excluding the 1995 third quarter asset write-downs of $55.5 million (pre-tax) in the travel and leisure and payment services segment, 1996 nine month operating income of Viad's principal business segments increased $17.7 million, or 12.5 percent, over that of the 1995 nine month period.

Income from continuing operations for the first nine months of 1996 was $44.9 million, or $0.48 per share, after deducting provisions for estimated spin-off transaction costs of $15.0 million, or $0.16 per share. Income from continuing operations for the first nine months of 1995 was $14.4 million, or $0.15 per share, after deducting $35.1 million, or $0.40 per share (after- tax), in asset write-downs and including the curtailment gain of $2.3 million, or $0.03 per share, after-tax.

For the first nine months of 1996, net income was $59.0 million, or $0.64 per share, compared to a net loss of $38.5 million, or $0.44 per share, for the first nine months of 1995. The 1996 nine month period included income from discontinued operations of $14.2 million, or $0.16 per share. The 1995 nine month period included a loss from discontinued operations of $39.0 million, or $0.43 per share, which was due primarily to restructuring charges of $82.1 million recorded by the consumer products business in the third quarter of 1995. See Note F of Notes to Consolidated Financial Statements. The 1995 period also included a one-time noncash charge of $13.9 million, or $0.16 per share, to record the cumulative effect to January 1, 1995, of the initial application of SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of."

There were 2.9 million more average common and equivalent shares outstanding in 1996 than in 1995, due primarily to the effects of stock option exercises and other issuances related to employee benefit and dividend reinvestment plans, as well as the conversion of employee stock options upon the spin-off.

AIRLINE CATERING AND SERVICES.
Nine month revenues of the Airline Catering and Services companies were $633.7 million, a $29.8 million or 4.9 percent increase from those of the first nine months of 1995, while operating income increased $3.9 million or 7.7 percent to $55.0 million. New business, including an eight-city airline catering contract with a major airline phased in through the first part of 1996 and a seven-city contract with another major airline beginning in mid-1995, offset the adverse impact from severe weather conditions in the Southeast and on the East Coast which hampered operations and airline schedules during the first quarter of 1996. Operating margins improved to 8.7 percent from 1995's 8.5 percent.

CONVENTION SERVICES.
Convention Services' nine month revenues of $579.5 million were $163.2 million, or 39.2 percent, greater than the 1995 nine month period, as 1996 benefitted from the acquisition of Giltspur in October 1995. Excluding the 1995 one-time curtailment gain described above, 1996 operating income increased 28.1 percent to $48.8 million, as a result of the Giltspur acquisition and improved cost controls. On this same basis,

operating margins decreased to 8.4 percent from 9.1 percent, as the mix of convention business changed with the addition of Giltspur.

TRAVEL AND LEISURE AND PAYMENT SERVICES.
For the first nine months of 1996, revenues of the Travel and Leisure and Payment Services companies were $561.9 million, up $42.0 million, or 8.1 percent, from those of the 1995 period. Excluding the $55.5 million write-down of Premier Cruise Lines assets in the third quarter of 1995, operating income increased 13.4 percent to $55.4 million. Viad's payment services subsidiary continues to invest increasing amounts in tax-exempt securities. On a fully taxable equivalent basis, revenues and operating income would have been $15.2 million and $11.5 million higher in 1996 and 1995, respectively. Operating margins on the fully taxable equivalent basis would be 12.2 percent for the first nine months of 1996, up from 11.4 percent in the comparable period of 1995.

On the fully taxable equivalent basis, revenues and operating income of payment services increased $12.1 million and $5.3 million, respectively, over those of 1995's first nine months, due principally to increased investment income arising from larger investment balances.

Duty Free airport and shipboard concession revenues increased $37.2 million over those of the first nine months of 1995, due primarily to the December 1995 revision of an airport concession contract (formerly on a management fee basis). Operating income improved $1.0 million as the cost of sales from the revised airport concession arrangement offset much of the revenue increases.

Cruise revenues for the first nine months of 1996 were $3.7 million higher than those of 1995, due to higher revenue yield per passenger day as well as the impact on 1995 revenues from drydocks for ship repairs. Excluding asset write-downs of $55.5 million taken in the third quarter of 1995, operating results improved $9.2 million due to the increased revenues as well as cost reduction efforts and lower lease expense resulting from the 1995 purchase of two cruise ships previously leased.

Travel tour service revenues improved $9.4 million over the first nine months of 1995, while operating results increased $700,000, as a result of contributions from tour operations acquired in 1995 and strong growth in icefield tour revenues.

Revenues and operating income of the food service companies for the first nine months of 1996 were down $1.5 million and $800,000, respectively, from the same period in 1995. A General Motors strike in March 1996 temporarily closed plants served by Restaura's contract foodservice operation. In addition, two fast food locations and the O'Hare Airport foodservice location were closed during 1996.

UNALLOCATED CORPORATE EXPENSE AND OTHER ITEMS, NET.
These items increased $2.6 million over those of 1995.

INTEREST EXPENSE.
Interest expense for the first nine months of 1996 increased $2.4 million over the first nine months of 1995. As discussed in Liquidity and Capital Resources, in connection with the spin-off of the consumer products business in August 1996, Viad reduced its floating rate indebtedness by $280 million. However, average debt for the nine month period was higher than the comparable 1995 period. The effect of increased debt over 1995 levels was partially offset by lower interest rates on floating-rate debt. The increased debt levels were due to expenditures for acquisitions in 1995, including Giltspur in October 1995 and purchases of the Star/Ship Majestic in February 1995 and the Star/Ship Atlantic in July 1995 (both ships were previously leased).

INCOME TAXES.
Excluding the effects of the $15.0 million provision for estimated spin-off transaction costs without tax benefit, the effective tax rate for the first nine months of 1996 was 31.6 percent. Excluding the $55.5 million asset-write downs in 1995, the 1995 effective tax rate for the comparable period was 32.9 percent. The decrease in the effective tax rate results primarily from the increased use of tax-exempt investments by Viad's payment services subsidiary. In addition, the lower than normal effective corporate tax rate is due to tax-exempt income becoming a larger portion of total pre-tax income upon the spin- off of the consumer products business.

LIQUIDITY AND CAPITAL RESOURCES:
In connection with the August 15, 1996 Distribution of the consumer products business, Viad borrowed $280 million under a new $350 million bank credit facility and used the proceeds to repay floating rate indebtedness of Viad. The credit facility and the related liability were then assumed by The Dial Corporation, effectively transferring $280 million of Viad's outstanding indebtedness to The Dial Corporation. Viad's reduced short-term borrowings are supported by unused commitments under a $400 million long-term revolving bank credit agreement.

Viad's total debt at September 30, 1996 was $584.7 million compared with $889.3 million at December 31, 1995. After giving effect to the Distribution, including the reduced debt noted above and a noncash $155.5 million reduction of equity (net of a $4.5 million reduction in unrealized foreign currency translation losses), the debt-to-capital ratio at September 30, 1996 was 0.55 to 1. The debt-to-capital ratio at December 31, 1995 was 0.61 to
1. On a pro forma basis, after giving effect to the assumption of debt by The Dial Corporation and the reduction of equity upon the Distribution, Viad's debt-to-capital ratio would have been approximately 0.60 to 1 at December 31, 1995.

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.

Other than the Distribution of Viad's consumer products business and the Disposition of its Canadian intercity bus transportation business described earlier, there were no 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 Form 8-K dated as of August 15, 1996.

PART II. OTHER INFORMATION

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

No matters were submitted to a vote of security holders during the third quarter of 1996.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibit No. 10 - Employment Agreement for Robert Bohannon

Exhibit No. 11 - Statement Re Computation of Per Share Earnings

Exhibit No. 27 - Financial Data Schedule

(b) Two reports on Form 8-K dated as of August 15, 1996 were filed by the registrant during the quarter for which this report is filed. The first Form 8-K (filed August 16, 1996) reported under Item 5 that Viad had completed the spin-off of its consumer products business into an independent, publicly traded company known as The Dial Corporation. Viad paid a Distribution dividend of one share of The Dial Corporation for each share of The Dial Corp held by stockholders of record on August 5, 1996. Viad also announced the election of two directors and the appointment of Robert H. Bohannon as a director and president and chief operating officer. Related press releases were filed under Item 7.

The second Form 8-K (filed September 13, 1996) reported under Item 5 the Distribution of the consumer products business and the Disposition of the Canadian intercity bus transportation business, and set forth in Exhibit 99 of Item 7 Viad's audited financial statements and certain other financial information presenting these businesses as discontinued operations.

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)

November 4, 1996	*By /s/Richard C. Stephan* *------------------------* *Richard C. Stephan* *Vice President-Controller* *(Chief Accounting Officer* *and Authorized Officer)*

VIAD CORP
STATEMENT RE COMPUTATION OF PER SHARE EARNINGS
(000 omitted)

	Quarter ended September 30,	
Primary:	1996	1995
Net income (loss)	$ 20,422	$ (89,737)
Less: Preferred stock dividends	(282)	(281)
	$ 20,140	$ (90,018)
Weighted average common shares outstanding before common equivalents	89,594	87,030
Common equivalent stock options	2,598	1,730
	92,192	88,760
Net income (loss) per share (dollars)	$ 0.22	$ (1.02)

	Quarter ended September 30,			
	1996		1995	
Fully Diluted:	Common Shares	Net Income	Common Shares	Net Loss
Weighted average common and equivalent shares and net income per above	92,192	$ 20,140	88,760	$ (90,018)
Common equivalent stock options			129	
	92,192	$ 20,140	88,889	$ (90,018)
Net income (loss) per share (dollars)		$ 0.22		$ (1.02)

VIAD CORP
STATEMENT RE COMPUTATION OF PER SHARE EARNINGS
(000 omitted)

Primary:	Nine months ended September 30, 1996	Nine months ended September 30, 1995
Net income (loss)	$ 59,034	$ (38,460)
Less: Preferred stock dividends	(844)	(843)
	$ 58,190	$ (39,303)
Weighted average common shares outstanding before common equivalents	88,861	86,567
Common equivalent stock options	2,477	1,827
	91,338	88,394
Net income (loss) per share (dollars)	$ 0.64	$ (0.44)

	Nine months ended September 30,			
	1996		1995	
Fully Diluted:	Common Shares	Net Income	Common Shares	Net Loss
Weighted average common and equivalent shares and net income per above	91,338	$ 58,190	88,394	$ (39,303)
Common equivalent stock options			99	
	91,338	$ 58,190	88,493	$ (39,303)
Net income (loss) per share (dollars)		$ 0.64		$ (0.44)

ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM VIAD CORP'S FORM 10-Q FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 1996 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 1996
PERIOD END	SEP 30 1996
PERIOD TYPE	9 MOS
CASH	9,174
SECURITIES	0
RECEIVABLES	207,609
ALLOWANCES	17,637
INVENTORY	94,580
CURRENT ASSETS	908,665
PP&E	1,013,249
DEPRECIATION	420,050
TOTAL ASSETS	3,219,314
CURRENT LIABILITIES	2,044,615
BONDS	582,460
COMMON	145,663
PREFERRED MANDATORY	6,604
PREFERRED	0
OTHER SE	316,268
TOTAL LIABILITY AND EQUITY	3,219,314
SALES	0
TOTAL REVENUES	1,775,142
CGS	0
TOTAL COSTS	1,615,957
OTHER EXPENSES	42,066
LOSS PROVISION	0
INTEREST EXPENSE	43,065
INCOME PRETAX	72,483
INCOME TAX	27,620
INCOME CONTINUING	44,863
DISCONTINUED	14,171
EXTRAORDINARY	0
CHANGES	0
NET INCOME	59,034
EPS PRIMARY	0.64
EPS DILUTED	0.64

EXHIBIT 10

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT entered into effective the 15th day of August, 1996, between VIAD CORP, a Delaware corporation (hereinafter called "Employer"), and Robert H. Bohannon (hereinafter called "Employee"),

WITNESSETH:

1. EMPLOYMENT Employer hereby employs Employee and Employee hereby agrees to serve Employer in the capacity hereinafter described for the employment term hereinafter set forth. Employee shall be elected to the Board of Directors of Viad Corp; in addition he shall be the President and Chief Operating Office of Viad Corp, at its headquarters in Phoenix, Arizona. Employee agrees (a) to serve in such position or in any other senior executive position to which he may be elected or appointed by Employer's Board of Directors during the term of this Agreement, (b) to devote his best efforts, energies, skill and all of his working time to the discharge of the duties and responsibilities as President and COO, and (c) to perform his tasks to Employer's reasonable satisfaction.

2. COMPENSATION AND BENEFITS As remuneration for services performed hereunder, Employee shall receive the salary, benefits and incentive compensation that are listed on Schedule "A", attached.

3. TERM This Agreement shall become effective immediately and shall terminate on August 15, 1997.

4. TERMINATION Employer may terminate this Agreement at any time if:

(a) Employee, by reason of physical or mental illness, shall have been unable to perform satisfactorily the services to be rendered by him hereunder for a consecutive period of one hundred eighty (180) days. Should such incapacity occur, Employee shall be entitled to the retirement benefits as provided on Schedule "A".

(b) Employee should be convicted of a felony or a crime involving moral turpitude, fraud, or dishonesty, or commit an act which, in the judgment of a majority of Company's Board of Directors, as evidenced by action recorded in the official minutes of a meeting of such Directors, subjects Employer, Company or Subsidiaries to public disrespect, scandal or ridicule or adversely affects the utility of your services to Employer or Company.

(c) Employee should be requested by a majority of the Board of Directors to resign from the Company as an officer and Board member. The Employee, in such case, shall be entitled to all Compensation and Benefits listed on Schedule "A" for the remaining term of this Agreement.

5. CHIEF EXECUTIVE OFFICER Executive shall report to the Chairman and Chief Executive Officer of Viad Corp in discharging his duties and responsibilities as President and COO.

IN WITNESS WHEREOF, the parties hereto have caused this Employment Agreement to be executed as of the day of August, 1996.

VIAD CORP f/n/a THE DIAL CORP

By: /s/ Jack F. Reichert
For the Board of Directors

ATTEST:

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

/s/ Robert H. Bohannon

SCHEDULE "A"

PRESIDENT & CHIEF OPERATING OFFICER

Analysis of Competitive Compensation Package as of August 15, 1996

BASE SALARY	$400,000	
MIP TARGET BONUS %	60%	(calculations to be based on 8 months Travelers Express financial performance and 4 months as a Viad participant under Viad financial performance for 1996 and Viad thereafter)
STOCK OPTIONS	Eligible	
PERFORMANCE BASED STOCK	Eligible	
PERFORMANCE UNIT PLAN	Eligible (same as MIP)	
FIRST CLASS AIR TRAVEL	Eligible	
COMPANY PAID AD&D	$300,000 Company Paid	
EXECUTIVE SEVERANCE PLAN	Golden	
HEALTH CLUB	Corporate Fitness Center - reserved locker at $25/month or outside club (paid up to $25 after first $25 paid by employee)	
LUNCHEON CLUB	Monthly dues at Arizona Club or the Mansion Club	
COUNTRY CLUB	Monthly dues at Arizona Club or the Mansion Club	
FINANCIAL COUNSELING SERVICES	Choice of counselor at Ayco or Arthur Andersen	
EXECUTIVE MEDICAL	Provides supplemental coverage to the base plan, including co-pays and deductibles - $6,000/year limit	
PARKING	Reserved company-paid parking	

EXECUTIVE PHYSICAL

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN - B

AUTOMOBILE

OTHER STANDARD BENEFITS Including relocation expenses and

second home payment assistance

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