##### [Table of Contents](#tocpage)

**As filed with the Securities and Exchange Commission on March 15, 2005**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-K**

**(Mark One)**

|  |  |  |
| --- | --- | --- |
|  |  |  |
| ☑ |  | **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934   For the fiscal year ended December 31, 2004** |

**or**

|  |  |  |
| --- | --- | --- |
|  |  |  |
| o |  | **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934   For the transition period from                      to                        Commission file number: 001-11015** |

**VIAD CORP**

**(Exact name of registrant as specified in its charter)**

|  |  |  |
| --- | --- | --- |
|  |  |  |
| **Delaware** |  | **36-1169950** |
| **State or other jurisdiction of incorporation or organization** |  | **(I.R.S. Employer Identification No.)** |

|  |  |  |
| --- | --- | --- |
|  |  |  |
| **1850 North Central Avenue, Suite 800 Phoenix, Arizona** |  | **85004-4545** |
| **(Address of principal executive offices)** |  | **(Zip Code)** |

**Registrants telephone number, including area code: (602) 207-4000**

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

|  |  |  |
| --- | --- | --- |
|  |  |  |
| **Title of each class** |  | **Name of each exchange** **on which registered** |
| **Common Stock, $1.50 par value** |  | **New York Stock Exchange** |
| **Preferred Stock Purchase Rights** |  | **New York Stock Exchange** |

**Securities registered pursuant to Section 12(g) of the Act: None**

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

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

     Indicate by check mark whether registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes ☑ No o

     The aggregate market value of the Common Stock (based on its closing price per share on such date) held by nonaffiliates on the last business day of the registrants most recently completed second fiscal quarter (June 30, 2004) was approximately $543 million.

     Registrant had 22,310,493 shares of Common Stock ($1.50 par value) outstanding as of February 28, 2005.

**Documents Incorporated by Reference**

     A portion of the Proxy Statement for the Annual Meeting of Stockholders of Viad Corp to be held May 17, 2005 is incorporated by reference into Part III of this Annual Report.

##### [Table of Contents](#tocpage)

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##### [Table of Contents](#tocpage)

**INDEX**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
|  |  |  |  | **Page** | |  |
| [**Part I**](#101) |  |  |  |  |  |  |
| [Item 1.](#102) |  | [Business](#102) |  |  | 1 |  |
| [Item 2.](#103) |  | [Properties](#103) |  |  | 6 |  |
| [Item 3.](#104) |  | [Legal Proceedings](#104) |  |  | 7 |  |
| [Item 4.](#105) |  | [Submission of Matters to a Vote of Security Holders](#105) |  |  | 7 |  |
| [Executive Officers of Registrant](#106) | | |  |  | 7 |  |
|  |  |  |  |  |  |  |
| [**Part II**](#107) |  |  |  |  |  |  |
| [Item 5.](#108) |  | [Market for Registrants Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities](#108) |  |  | 9 |  |
| [Item 6.](#109) |  | [Selected Financial Data](#109) |  |  | 11 |  |
| [Item 7.](#110) |  | [Managements Discussion and Analysis of Financial Condition and Results of Operations](#110) |  |  | 13 |  |
| [Item 7A.](#111) |  | [Quantitative and Qualitative Disclosures About Market Risk](#111) |  |  | 23 |  |
| [Item 8.](#112) |  | [Financial Statements and Supplementary Data](#112) |  |  | 23 |  |
| [Item 9.](#113) |  | [Changes in and Disagreements With Accountants on Accounting and Financial Disclosure](#113) |  |  | 23 |  |
| [Item 9A.](#114) |  | [Controls and Procedures](#114) |  |  | 23 |  |
| [Item 9B.](#115) |  | [Other Information](#115) |  |  | 23 |  |
|  |  |  |  |  |  |  |
| [**Part III**](#116) |  |  |  |  |  |  |
| [Item 10.](#117) |  | [Directors and Executive Officers of the Registrant](#117) |  |  | 24 |  |
| [Item 11.](#118) |  | [Executive Compensation](#118) |  |  | 24 |  |
| [Item 12.](#119) |  | [Security Ownership of Certain Beneficial Owners and Management](#119) |  |  | 24 |  |
| [Item 13.](#120) |  | [Certain Relationships and Related Transactions](#120) |  |  | 24 |  |
| [Item 14.](#121) |  | [Principal Accounting Fees and Services](#121) |  |  | 24 |  |
|  |  |  |  |  |  |  |
| [**Part IV**](#122) |  |  |  |  |  |  |
| [Item 15.](#123) |  | [Exhibits, Financial Statement Schedules](#123) |  |  | 25 |  |

##### [Table of Contents](#tocpage)

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##### [Table of Contents](#tocpage)

**PART I**

**Item 1. Business.**

     Viad Corp (Viad or the Company) is comprised of operating companies and a division which constitute a diversified services business. Viad provides services that address the needs of trade show organizers and exhibitors, as well as travel and recreation services in the United States and Canada. The Companys businesses occupy the number one or number two positions in many of the markets in which they compete. They seek to provide quality, convenient and cost-effective services with a discernible difference to the ultimate users, thereby being considered a value-added provider by Viads business customers.

     Viads services are classified into three reportable business segments, namely (1) GES Exposition Services, Inc. (GES), (2) Exhibitgroup/Giltspur, a division of Viad Corp (Exhibitgroup), and (3) Travel and Recreation Services provided by the Brewster Transport Company Limited and Glacier Park, Inc. business units. The reportable business segments have been defined in a manner consistent with Viads organizational structure, internal reporting, allocation of resources and operating decision-making. A description of each of Viads reportable business segments and recent developments relating to each follows. During 2004, Viad separated its payment services business from the remaining Viad businesses by means of a tax-free spin-off. See Spin-off of MoneyGram International, Inc. below for further discussion.

     Viad has no customer that comprises more than five percent of its revenues, nor does any Viad reporting segment have a customer comprising more than eight percent of that segments revenues.

**Viad Business Units**

     Viad is built around three operating groups which are leading competitors in their businesses, including businesses that provide services that address the needs of trade show organizers and exhibitors, as well as travel and recreation services in the United States and Canada.

**GES**

     GES is one of North Americas leading service providers of exhibitions and events that facilitate face-to-face marketing. With a focus on assisting event organizers in all aspects of the preparation, installation and dismantling of an exhibition, convention or special event, GES services some of the most visible and influential events in the exhibition and event industry. In 2004, GES provided services for over 250,000 exhibitor customers, an estimated 2,000 exhibitions and hundreds of events and projects across North America.

     GES provides these services through a network of offices in North Americas most active and popular meeting, exhibition and event destination markets. GES has full service operations in 16 U.S. cities and four Canadian cities.

     GES is a full-service provider to the exhibition and event industry, designing, planning, managing, producing, installing and dismantling every aspect of an exhibition and event regardless of its size. Central to GESs customer base are show organizers, comprised of for-profit show owners, not-for-profit trade associations, show management companies and corporations that plan and manage their own proprietary events. Under its agreements with show organizers, GES will provide services to the show organizer itself and the show organizer will agree that GES will be the exclusive provider of certain services to all exhibitors participating in the exhibition or event. Services provided to show organizers include: general management and planning; concept design, graphics and design; transportation, logistics and material handling services; furnishings and decorating; overhead rigging, cleaning and electrical distribution. Exclusive services provided to exhibitors typically include material handling services, overhead rigging and electrical distribution. The services that GES provides to show organizers generally help the organizer provide the infrastructure necessary to service the attendees and exhibitors of the event and communicate the brand of the show, while the exclusive exhibitor services, which may vary from venue to venue, provide the exhibitors a single point of contact to facilitate a timely move-in and move-out of the show. In addition to the exclusive services, GES seeks to sell elective services to the exhibitors that participate in the exhibition or event. These elective services include: program management and on-site coordination for exhibitors; furnishings, carpeting and signage; logistics and shipping services; installation and dismantling; storage and refurbishing of exhibits.

1

##### [Table of Contents](#tocpage)

     When GES is the official services contractor, GES prepares and sends an Exhibitor Kit to each exhibitor in advance of the show, through the mail or by GESs internet-based ordering system, *GES Online!*. The Exhibitor Kit contains detailed descriptions of the exclusive and elective services offered by GES and order forms for those services. When GES is not the official services contractor, GES competes with the official services contractor and other specialized contractors to provide to exhibitors the elective services described above.

     In 2002, GES implemented the Exhibitor Value Program, which is intended to improve service and add value to the exhibitor through consultation and elective services offerings. The Exhibitor Value Program focuses on providing practical advice to exhibitors through multiple channels including telephone (inbound and outbound), internet and fax. Through the Exhibitor Value Program, GES provides a comprehensive service approach designed to enhance return on objectives for exhibitors and ensure a more positive experience and productive show. Integrating technology and personal services, the Exhibitor Value Program provides proactive advice and guidance to exhibitors during the complex exhibition or event process as well as integrated exhibitor support, all of which result in a better overall exhibiting experience and increased awareness of GESs products and services.

**Exhibitgroup**

     Exhibitgroup is one of the largest and oldest exhibit designers and fabricators in the world, with over 60 years of experience in the exhibit industry. Exhibitgroup is a highly specialized exhibit program manager that is focused on providing integrated exhibit services primarily for Fortune 1000 clients. Custom exhibit design and construction is the primary line of business, with custom exhibits, designed from concept using state-of-the-art computer rendering programs, being its core product. Such exhibits vary in size, cost and complexity according to the clients needs and budget  from carefully developed product showcases to more elaborate themed environments and interactive exhibits. Exhibitgroups design team also has the capacity to blend rental components into a clients custom exhibit to create the desired marketing statement at a lower cost to the client. Some of Exhibitgroups exhibits are as large as 40,000 square feet, as high as two stories and may cost up to several million dollars.

     Exhibitgroup combines its core services with an ability to provide complete, one-stop shop exhibit program management services  services that meet a clients long-term marketing needs and ensure the best handling of the clients exhibit program. Exhibitgroups exhibit program services include: exhibit program management; logistics management; exhibit maintenance; installation and dismantling; show services; online ordering and e-services and marketing services.

     Many of Exhibitgroups clients attend trade shows in which GES is the official services contractor or at which GES offers elective services. In these instances, an Exhibitgroup client may engage the services of GES for services such as freight handling, carpeting, furniture and similar on-site elective services. Because of the complexity of Exhibitgroups custom exhibits, many of Exhibitgroups clients are likely to use ExpoServices (Exhibitgroups wholly-owned installation and dismantling division) for installation and dismantle services.

     Through its TL Horton Design group, Exhibitgroup is also a leading creator of retail merchandising units, such as kiosks, that are generally used in stores and shopping malls throughout the world. The design of the kiosks varies depending on the clients budget and specific needs. All kiosks are designed to draw the attention of potential visitors or customers through a range of alternatives including product displays, entertainment using interactive electronics and information displays. The TL Horton Design group offers clients complete turnkey services related to kiosks, including design, engineering, graphic production, fabrication, warehousing, shipping and on-site installation.

     Exhibitgroups experienced designers, global network of facilities, strategic alliances and innovative technology make Exhibitgroup a leader in its industry. Exhibitgroup has won over 55 design awards since 1997, including 28 prestigious Best of Show awards. These awards signify that, either in specific categories or on a general basis, a particular exhibit was chosen as the best at the trade show by a panel of judges or show attendees.

2

##### [Table of Contents](#tocpage)

**Travel and Recreation Services**

     Travel and recreation services are provided by the Brewster Transport Company Limited (Brewster) and Glacier Park, Inc. (Glacier Park) business units.

***Brewster***. Brewster is a major tourism service operator in Western Canada. It is a multifaceted company delivering tourism products to visitors of Western Canada. Brewsters operations include two world-class attractions, motorcoach services, charter and sightseeing services, hotel operations, inbound package tour operations and travel agencies.

     Brewster operates the Banff Gondola and Columbia Icefield Tours. The Banff Gondola transports visitors to an elevation of over 7,000 feet above sea level to the top of Sulphur Mountain in Banff, Alberta, Canada, offering an unobstructed view of the Canadian Rockies and overlooking the town of Banff and the Bow Valley. Brewster also offers sightseeing tours of the Athabasca Glacier on the Columbia Icefield. Tour customers ride in an Ice Explorer, a vehicle specially designed for glacier travel that provides customers with an opportunity to experience one of the largest accumulations of ice and snow south of the Arctic Circle.

     Brewsters transportation operations include charter motorcoach services, sightseeing and scheduled services and airport service. Brewster operates a modern fleet of luxury motorcoaches, available for groups of any size for travel throughout the Canadian provinces of Alberta and British Columbia. In addition, Brewster provides year-round half- and full-day sightseeing tours from Calgary, Banff, Lake Louise and Jasper, Canada.

     Brewsters inbound package tour operations feature independent package and group tours throughout Canada, which are offered year-round. These packages  in the segments of motorcoach, rail, self-drive automobile, ski and winter touring  consist of both group and individual tours and may be custom-designed at the time of booking.

     Brewster also operates two hotels in Alberta: the Mount Royal Hotel, which is located in the heart of Banff, and the Columbia Icefield Chalet, which is located on the Icefield Parkway between Lake Louise and Jasper. The hotels cater to leisure travelers.

     Brewsters travel agencies are affiliated with the American Express travel agency network. These travel agencies service the vacation needs of the residents of the Bow Valley Corridor (Banff, Lake Louise and Canmore). With the American Express affiliation, these travel agencies are able to offer competitive rates on travel.

     Each Brewster line of business has a different market profile, with customers that differ in terms of geographic origin and travel preferences. To deliver its products and services to the consumer, Brewster utilizes direct to the customer marketing strategies as well as a distribution channel network that includes tour operators, tour wholesalers, destination management companies and retail travel agencies/organizations. Brewsters major markets are Canada, the United States, the United Kingdom and other European countries, Australia/New Zealand and Asia.

***Glacier Park***. Glacier Park operates four historic lodges and three 1960s-era motor inns in and around Glacier National Park in Montana and Waterton Lakes National Park in Alberta, Canada. Glacier Park is the largest concessionaire in Glacier National Park, and holds concession contracts for approximately 80 percent of the revenue for services provided within the parks borders, on the basis of revenue generated. Glacier National Park and Waterton Lakes National Park encompass 1.1 million acres of rugged wilderness and are best known for their spectacular scenery, hiking, glaciers and wildlife. Services provided by Glacier Park include lodging varying from hikers cabins to suites, food and beverage operations, retail operations and tour and transportation services. The tour operation utilizes a fleet of 33 authentic 1930s red touring buses that have rollback canvas tops. These well-known reds are used to conduct interpretive park tours throughout Glacier and Waterton Lakes National Parks, including tours of the scenic Going-to-the-Sun Road.

     The operations of Glacier Park are seasonal, typically running from mid-May until the end of September. During those months, Glacier and Waterton Lakes National Parks host over two million visitors, the vast majority of whom purchase services from Glacier Park. During the peak months of July and August, Glacier Parks lodges and motor inns have an occupancy level of approximately 96 percent. During the shoulder seasons of June and September, occupancy is approximately 76 percent.

     Tour groups and travel agencies account for approximately 25 percent of Glacier Parks customers, while individual travelers account for the remaining 75 percent. Demographically, approximately 98 percent of Glacier Parks guests come from the United States, with 20 percent to 24 percent from the Northwest and 10 percent to 12 percent from the Midwest.

3

##### [Table of Contents](#tocpage)

     Glacier Park operates the concession portion of its business under a 25-year concession agreement with the U.S. National Park Service (the Park Service) for Glacier National Park, which expires in December 2005 unless extended at the discretion of the Park Service for a period of up to three years, and under a 42-year agreement with the Canadian Government for Waterton Lakes National Park, which expires in 2010. When Glacier Parks concession agreement with the Park Service expires, Glacier Park will be obligated, if it chooses to continue its concession operations, to rebid for the right to retain these concession services. If Glacier Park does not retain these concession rights, it will receive an amount from the Park Service, or Glacier Parks successor, equal to its possessory interest, which generally means the value of the structures acquired or constructed, fixtures installed and improvements made to the concession property at Glacier National Park during the term of this agreement, based on the reconstruction cost of a new unit of like kind, less depreciation, but not to exceed fair market value. If Glacier Park does not retain the concession rights, it would be able to continue operations at Waterton Lakes, Canada, and East Glacier, Montana, which are not part of the concession contract.

**Competition**

     The Companys businesses generally compete on the basis of discernible differences, value, quality, price, convenience and service, and encounter substantial competition from a large number of providers of similar services. Most of the competitors of GES and Exhibitgroup are privately-held companies; limited information about these companies is available. Based on internal estimates, the Freeman Companies and Champion Exposition Services are the principal competitors of GES, and The George P. Johnson Company, MC2 and Exhibit Works are the principal competitors of Exhibitgroup. The operations of Brewster and Glacier Park generally compete on the basis of location, uniqueness of facilities, service, quality and price. Competition exists both locally and regionally in the package-tour business, hotel and restaurant facilities and charter companies.

**Intellectual Property**

     Viad owns a number of trademarks, patents and copyrights, which make up Viads intellectual property portfolio. The Viad companies own or have the right to many registered trademarks used in their various businesses, including, among others, GES®, GES Exposition Services*®*, *GES Canadasm, ExhibitSelect®, INTERKIT®*, *GES at Your Service!®*, *GES Servicenter®, GES National Servicentersm, HANG:RZ®, Trade Show Electrical®*, *Exhibitgroup/Giltspur®, ExpoTech®, Exhibitgroup®, Maxim®, egXpresssm, eg@worksm, WAM! The Wireless Ambassador®* and *LUMA2 & Design®*. Some of the Companys trademarks are also registered outside the United States, including *Royal Glacier Tours®*, *Emax®*, *Exhibitgroup®* and *Giltspur®*. United States trademark registrations are for a term of ten years, renewable every ten years as long as the trademarks are used in the regular course of trade.

     Exhibitgroup owns a number of patents for exhibit technology and exhibit processes that are cumulatively important to its business and that it believes provide competitive advantages in the marketplace for designing and building exhibits. These include patents relating to modular furniture used in exhibits and displays, specialized lighting systems used for intensifying graphic imagery and other objects in exhibits, a multiple-panel display system and a space-saving modular structure for use in displays and exhibits. Exhibitgroup also owns ten design patents for its retail merchandising units (i.e., kiosks). United States patents are currently granted for a term of 20 years from the date a patent application is filed.

     Although Viad believes that its trademarks, patents and copyrights have substantial value, it does not believe that the loss of any of these patents, trademarks or copyrights would have a material adverse effect on its financial condition or results of operations.

**Government Regulation**

     Compliance with legal requirements and government regulations represents a normal cost of doing business. The principal regulations affecting our day-to-day businesses are rules and regulations relating to transportation (such as regulations promulgated by the U.S. Department of Transportation and its state counterparts), employees (such as regulations implemented by the Occupational Safety and Health Administration, the equal employment opportunity laws, guidelines implemented pursuant to the Americans with Disabilities Act and general federal and state employment laws), unionized labor (such as guidelines imposed by the National Labor Relations Act) and regulations relating to national parks (such as regulations enacted by the U.S. Department of the Interior and the U.S. National Park Service).

4

##### [Table of Contents](#tocpage)

**Employees**

     Viad operating units had approximately 3,025 employees at December 31, 2004 as follows:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | **Regular Full-Time** | |  |
|  |  | **Approximate** | |  |  | **Employees Covered by** | |  |
|  |  | **Number of** | |  |  | **Collective Bargaining** | |  |
|  |  | **Employees** | |  |  | **Agreements** | |  |
| GES |  |  | 2,160 |  |  |  | 1,090 |  |
| Exhibitgroup |  |  | 610 |  |  |  | 180 |  |
| Travel and Recreation Services |  |  | 255 |  |  |  | 55 |  |

     Viad believes that relations with its employees are satisfactory and that collective bargaining agreements expiring in 2005 will be renegotiated in the ordinary course of business without a material adverse effect on Viads operations.

     Viad had 55 employees at its corporate center at December 31, 2004 providing management, financial and accounting, internal auditing, tax, administrative, human resources, legal and other services to its operating units and handling residual matters pertaining to businesses previously discontinued or sold by the Company. Viad is managed by a Board of Directors comprised of six non-employee directors and one employee director and has an executive management team consisting of five Viad officers (including the one employee director) and three principal executives of significant operating divisions or companies.

**Seasonality**

     Convention and event activity may vary significantly depending on the frequency and timing of shows (some shows are not held each year and some shows may shift between quarters). Viads travel and recreation operations experience peak activity during the summer months. Viads 2004 quarterly income (loss) before impairment losses, as a percentage of the full years income before impairment losses, was approximately 33 percent (first quarter), 39 percent (second quarter), 54 percent (third quarter), and minus 26 percent (fourth quarter). See Notes 18 and 19 of notes to consolidated financial statements of the Company. Additionally, see Item 7, Managements Discussion and Analysis of Financial Condition and Results of Operations for a discussion of Non-GAAP Measures including Income before impairment losses.

**Spin-off of MoneyGram International, Inc.**

     On June 30, 2004, Viad separated its payment services business from its other businesses by means of a tax-free spin-off. To effect the separation, Travelers Express Company, Inc. became a subsidiary of MoneyGram International, Inc. (MoneyGram), a newly-formed, wholly-owned subsidiary of Viad, and Viad distributed all of the shares of MoneyGram common stock as a dividend on Viad common stock on the date of the spin-off. For further discussion of this transaction, refer to Note 1 of notes to consolidated financial statements of the Company.

     Upon completion of the MoneyGram spin-off, Viad effected a one-for-four reverse stock split of Viads common stock, whereby every four shares of Viad common stock became one share of Viad common stock. The one-for-four reverse stock split was approved at the annual Viad stockholders meeting in May 2004.

**Financial Information about Restructuring Charges and Recoveries**

     Information regarding restructuring charges and recoveries is provided in Note 14 of notes to consolidated financial statements of the Company.

**Financial Information about Segments**

     Business segment financial information is provided in Note 18 of notes to consolidated financial statements of the Company.

**Financial Information about Geographic Areas**

     Geographic area financial information is provided in Note 18 of notes to consolidated financial statements of the Company.

5

##### [Table of Contents](#tocpage)

**Annual Certifications of Viads CEO and CFO**

     The listing standards of the New York Stock Exchange (NYSE) require the chief executive officer of each listed company to submit to the NYSE within 30 days after the companys annual stockholders meeting an Annual CEO Certification certifying that the chief executive officer is not aware of any violation by the company of the corporate governance listing standards of the NYSE. Viad held its annual stockholders meeting on May 11, 2004. Mr. Robert H. Bohannon, Chief Executive Officer of Viad, submitted a signed Annual CEO Certification to the NYSE on June 2, 2004.

     The certifications required by Section 302 of the Sarbanes-Oxley Act of 2002 of the Chief Executive Officer and Chief Financial Officer of Viad are filed as Exhibits 31.1 and 31.2, respectively, to this Annual Report.

**Available Information**

     Viad files annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the SEC). These filings are available to the public over the internet at the SECs website at *www.sec.gov*. You may also read and copy any document Viad files at the SECs public reference room located at 450 Fifth Street, NW, Washington, D.C. 20549. Please call the SEC at (800) SEC-0330 for further information on the public reference room.

     Viads principal internet address is *www.viad.com*. Viad makes available free of charge on *www.viad.com* its annual, quarterly and current reports, and amendments to those reports, as soon as reasonably practicable after it electronically files such material with, or furnishes it to, the SEC.

     Viad maintains a corporate governance page on its website at *www.viad.com*, which includes key information about its corporate governance initiatives, including its Corporate Governance Guidelines, charters of the committees of the Board of Directors, and the Code of Ethics of Viad which are also available in print to any shareholder upon request.

**Item 2. Properties.**

     Viad and its subsidiaries operate service or production facilities and maintain sales and service offices in the United States, Canada, the United Kingdom and Germany. The following information summarizes Viad and its subsidiaries principal properties as of December 31, 2004.

     Viads headquarters are located at 1850 North Central Avenue, Suite 800 in Phoenix, Arizona. Excluding space which Viad subleases to third parties, Viad leases approximately 61,000 square feet.

**GES** operates 12 offices and 27 multi-use facilities (exhibit construction, sales and design, office and/or warehouse). The multi-use facilities vary in size up to approximately 882,000 square feet. Three of the multi-use facilities are owned; all other properties are leased. All of the properties are in the United States, except for two offices and seven multi-use facilities that are located in Canada. GES corporate headquarters are located in Las Vegas, Nevada.

**Exhibitgroup** operates nine offices and 20 multi-use facilities (exhibit construction, sales and design, office and/or warehouse). The multi-use facilities vary in size up to approximately 476,000 square feet. All properties are leased and are located in the United States, except for one office that is located in Canada, one office located in the United Kingdom and two multi-use facilities located in Germany. Exhibitgroup corporate headquarters are located in Roselle, Illinois.

**Travel and Recreation Services** operates two offices, nine retail stores, two bus terminals, four garages, an icefield tour facility, a gondola lift operation, and nine hotels/lodges (with approximately 900 rooms, and ancillary foodservice and recreational facilities). All of the facilities are in the United States or Canada. Four of the hotels/lodges are owned and the five other hotels/lodges are operated pursuant to concessionaire agreements. Two bus terminals and three garages are owned. The icefield tour facility and gondola lift operation are operated through lease agreements with Parks Canada and all other properties are leased.

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

6

##### [Table of Contents](#tocpage)

**Item 3. Legal Proceedings.**

     Viad and certain subsidiaries are plaintiffs or defendants to various actions, proceedings and pending claims. Some of the foregoing involve, or may involve, compensatory, punitive or other damages. Litigation is subject to many uncertainties and it is possible that some of the legal actions, proceedings or claims could be decided against Viad. Although the amount of liability at December 31, 2004, with respect to certain of these matters is not ascertainable, Viad believes that any resulting liability, after taking into consideration amounts already provided for, including insurance coverage, will not have a material effect on Viads business, financial condition or results of operations.

     Viad is subject to various U.S. federal, state and foreign laws and regulations governing the prevention of pollution and the protection of the environment in the jurisdictions in which Viad has or had operations. If Viad has failed to comply with these environmental laws and regulations, civil and criminal penalties could be imposed and Viad could become subject to regulatory enforcement actions in the form of injunctions and cease and desist orders. As is the case with many companies, Viad also faces exposure for actual or potential claims and lawsuits involving environmental matters relating to Viads past operations. Although the Company is a party to certain environmental disputes, management believes that any resulting liabilities, after taking into consideration amounts already provided for, including insurance coverage, will not have a material effect on Viads business, financial condition or results of operations.

**Item 4. Submission of Matters to a Vote of Security Holders.**

     No matters were submitted to a vote of security holders during the fourth quarter of 2004.

**Executive Officers of Registrant.**

     The names, ages and positions of the Executive Officers of Viad as of the filing of this Annual Report, are listed below:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
| **Name** |  | **Age** | | |  | **Business Experience During the Past Five Years and Other Information** |
| Robert H. Bohannon |  |  | 60 |  |  | Chairman of the Board, President and Chief Executive Officer since January 1997; prior thereto, President and Chief Operating Officer of Viad from 1996; and prior thereto was President and Chief Operating Officer of Travelers Express Company, Inc., a former subsidiary of Viad, from 1993. |
|  |  |  |  |  |  |  |
| Paul B. Dykstra |  |  | 43 |  |  | President and Chief Executive Officer of GES Exposition Services, Inc., a subsidiary of Viad, since January 2000; prior thereto, Executive Vice President-International and Corporate Development of GES Exposition Services, Inc. since 1999; and prior thereto, Vice President-General Manager or similar executive positions since 1994 with Travelers Express Company, Inc., a former subsidiary of Viad. |
|  |  |  |  |  |  |  |
| Kimbra A. Fracalossi |  |  | 45 |  |  | President and Chief Executive Officer of Exhibitgroup/Giltspur, a division of Viad, since July 2002; prior thereto, Chief Financial Officer of Viad since September 2000; prior thereto, Vice President-Strategic Planning and Investor Relations since May 1999 and Executive Director of Corporate Development since January 1998. |
|  |  |  |  |  |  |  |
| Ellen M. Ingersoll |  |  | 40 |  |  | Chief Financial Officer since July 2002; prior thereto, Vice President-Controller or similar position since January 2002; prior thereto, Controller of CashX, Inc., a service provider of stored value internet cards, from June 2001 through October 2001; prior thereto Operations Finance Director of LeapSource, Inc., a provider of business process outsourcing, since January 2000; prior thereto Vice President and Controller of Franchise Finance Corporation of America since May 1992. |
|  |  |  |  |  |  |  |
| G. Michael Latta |  |  | 42 |  |  | Vice President-Controller since November 2002; prior thereto, Corporate Controller or similar position for SpeedFam-IPEC, Inc., a semiconductor equipment manufacturer, since October 1999; prior thereto Controller for Cardiac Pathways Corporation, a medical device manufacturer, since September 1994. |

7

##### [Table of Contents](#tocpage)

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| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
| **Name** |  | **Age** | | |  | **Business Experience During the Past Five Years and Other Information** |
| David G. Morrison |  |  | 56 |  |  | President and Chief Executive Officer of Brewster Transport Company Limited, a subsidiary of Viad, since 1980; prior thereto, Vice President and General Manager and Vice President-Administration and Controller from 1977; prior thereto, Controller from 1975. |
|  |  |  |  |  |  |  |
| Suzanne Pearl |  |  | 42 |  |  | Vice President-Human Resources since September 2000; prior thereto, Executive Director, Compensation from 1998; prior thereto, Manager, Executive Compensation from 1993; prior thereto, held other positions since joining the Company in 1988. |
|  |  |  |  |  |  |  |
| Scott E. Sayre |  |  | 58 |  |  | Vice President, General Counsel and Secretary since September 2000; prior thereto, Assistant General Counsel and Secretary from 1997; prior thereto, Assistant General Counsel from 1992; prior thereto, held other positions since joining the Company in 1979. |

     The term of office of the Executive Officers is until the next annual organization meeting of the Board of Directors of Viad which is scheduled for May of this year.

8

##### [Table of Contents](#tocpage)

**PART II**

|  |
| --- |
| **Item 5. Market for Registrants Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.** |

|  |  |
| --- | --- |
|  |  |
| **Item 5.** | **Market for Registrants Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.** |

     The principal market on which the common stock of Viad is traded is the New York Stock Exchange. The common stock is also admitted for trading on the American, Chicago, Cincinnati, Pacific and Philadelphia Exchanges. The following tables summarize the high and low market prices as reported on the NYSE Composite Tape and the cash dividends declared for the two years ended December 31. Share prices for the third and fourth quarters of 2004 are after the spin-off of MoneyGram and the one-for-four reverse stock split that followed:

**SALES PRICE RANGE OF COMMON STOCK**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **2004** | | | | | |  |  | **2003** | | | | | |  |
|  |  | **High** | |  |  | **Low** | |  |  | **High** | |  |  | **Low** | |  |
| First Quarter |  | $ | 26.33 |  |  | $ | 23.05 |  |  | $ | 23.97 |  |  | $ | 18.35 |  |
| Second Quarter |  | $ | 27.40 |  |  | $ | 23.11 |  |  | $ | 22.90 |  |  | $ | 18.79 |  |
| Third Quarter |  | $ | 28.00 |  |  | $ | 21.84 |  |  | $ | 24.86 |  |  | $ | 20.73 |  |
| Fourth Quarter |  | $ | 29.33 |  |  | $ | 20.45 |  |  | $ | 26.15 |  |  | $ | 23.57 |  |

**DIVIDENDS DECLARED ON COMMON STOCK**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |
|  |  | **2004** | |  |  | **2003** | |  |
| February |  | $ | 0.09 |  |  | $ | 0.09 |  |
| May |  |  | 0.09 |  |  |  | 0.09 |  |
| August |  |  | 0.04 |  |  |  | 0.09 |  |
| November |  |  | 0.04 |  |  |  | 0.09 |  |
|  |  |  | |  |  |  | |  |
| Total |  | $ | 0.26 |  |  | $ | 0.36 |  |
|  |  |  | |  |  |  | |  |

     Regular quarterly dividends were paid on Viad common stock on the first business day of January, April, July and October.

     As of February 28, 2005, there were 8,800 stockholders of record of Viads new common stock following the one-for-four reverse stock split. There also were 11,442 stockholders of record as of February 28, 2005 that had not converted pre-split common stock of Viad into the new, post-split common stock of Viad. Accordingly, there were 20,242 stockholders of record in the aggregate as of February 28, 2005.

     For information regarding security ownership of certain beneficial owners and management and related stockholder matters, refer to Part III, Item 12, Security Ownership of Certain Beneficial Owners and Management in this Annual Report.

     No repurchases of Viad common stock were made in 2004 as part of an open market stock repurchase program. Set forth below is a table showing the total number of shares of Viad common stock repurchased in 2004 by Viad from employees who surrendered to Viad, in connection with the exercise of stock options, their already owned Viad common stock (outstanding shares) to pay for a portion of the exercise price:

**ISSUER PURCHASES OF EQUITY SECURITIES**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Maximum Number (or** | |  |
|  |  |  |  |  |  |  |  |  |  |  | **Total Number of Shares** | |  |  | **Approximate Dollar** | |  |
|  |  |  |  |  |  |  |  |  |  |  | **Purchased as Part of** | |  |  | **Value) of Shares that May** | |  |
|  |  |  | **Total Number of Shares** | |  |  | **Average Price Paid Per** | |  |  | **Publicly Announced Plans** | |  |  | **Yet Be Purchased Under** | |  |
| **Period** |  |  | **Purchased (#)** | |  |  | **Share ($)** | |  |  | **or Programs** | |  |  | **the Plans or Programs** | |  |
| March 2004 |  |  |  | 17,916 |  |  |  | 25.19 |  |  |  |  |  |  |  |  |  |
| April 2004 |  |  |  | 5,000 |  |  |  | 24.78 |  |  |  |  |  |  |  |  |  |
| May 2004 |  |  |  | 2,635 |  |  |  | 23.79 |  |  |  |  |  |  |  |  |  |
| June 2004 |  |  |  | 5,427 |  |  |  | 25.61 |  |  |  |  |  |  |  |  |  |
| August 2004 |  |  |  | 44,457 |  |  |  | 22.69 |  |  |  |  |  |  |  |  |  |
| September 2004 |  |  |  | 1,252 |  |  |  | 23.67 |  |  |  |  |  |  |  |  |  |
|  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Total |  |  |  | 76,687 |  |  |  | 23.67 |  |  |  |  |  |  |  |  |  |
|  |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |

9

##### [Table of Contents](#tocpage)

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10

##### [Table of Contents](#tocpage)

**Item 6. Selected Financial Data.**

**VIAD CORP  
SELECTED FINANCIAL AND OTHER DATA**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Year ended December 31,** | | | | | | | | | | | | | | | | | |  |
|  |  | **2004** | |  |  | **2003** | |  |  | **2002** | |  |  | **2001** | |  |  | **2000** | |  |
|  |  | **(in thousands, except per share data)** | | | | | | | | | | | | | | | | | |  |
| **Statement of Operations Data** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenues: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Convention show services |  | $ | 535,527 |  |  | $ | 521,433 |  |  | $ | 568,301 |  |  | $ | 604,148 |  |  | $ | 692,843 |  |
| Exhibit design and construction |  |  | 182,670 |  |  |  | 195,832 |  |  |  | 217,932 |  |  |  | 279,896 |  |  |  | 339,272 |  |
| Travel and recreation services |  |  | 67,460 |  |  |  | 53,203 |  |  |  | 58,253 |  |  |  | 61,453 |  |  |  | 72,508 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Total revenues |  | $ | 785,657 |  |  | $ | 770,468 |  |  | $ | 844,486 |  |  | $ | 945,497 |  |  | $ | 1,104,623 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Income (loss) from continuing operations(1),(2) |  | $ | (58,329 | ) |  | $ | 21,091 |  |  | $ | 8,395 |  |  | $ | (40,603 | ) |  | $ | 44,802 |  |
| Income from discontinued operations, net of tax(3) |  |  | 2,327 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Change in accounting principle, net of tax(4) |  |  |  |  |  |  |  |  |  |  | (37,739 | ) |  |  |  |  |  |  |  |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Net income (loss) |  | $ | (56,002 | ) |  | $ | 21,091 |  |  | $ | (29,344 | ) |  | $ | (40,603 | ) |  | $ | 44,802 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| **Diluted Income (Loss) per Common Share** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income (loss) from continuing operations(1),(2) |  | $ | (2.68 | ) |  | $ | 0.97 |  |  | $ | 0.39 |  |  | $ | (1.88 | ) |  | $ | 1.97 |  |
| Income from discontinued operations, net of tax(3) |  |  | 0.10 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Change in accounting principle, net of tax(4) |  |  |  |  |  |  |  |  |  |  | (1.74 | ) |  |  |  |  |  |  |  |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Diluted net income (loss) per common share |  | $ | (2.58 | ) |  | $ | 0.97 |  |  | $ | (1.35 | ) |  | $ | (1.88 | ) |  | $ | 1.97 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Average outstanding and potentially dilutive common shares |  |  | 21,741 |  |  |  | 21,654 |  |  |  | 21,679 |  |  |  | 21,580 |  |  |  | 22,731 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| **Basic Income (Loss) per Common Share** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income (loss) from continuing operations(1),(2) |  | $ | (2.68 | ) |  | $ | 0.98 |  |  | $ | 0.39 |  |  | $ | (1.90 | ) |  | $ | 2.02 |  |
| Income from discontinued operations, net of tax(3) |  |  | 0.10 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Change in accounting principle, net of tax(4) |  |  |  |  |  |  |  |  |  |  | (1.75 | ) |  |  |  |  |  |  |  |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Basic net income (loss) per common share |  | $ | (2.58 | ) |  | $ | 0.98 |  |  | $ | (1.36 | ) |  | $ | (1.90 | ) |  | $ | 2.02 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Average outstanding common shares |  |  | 21,741 |  |  |  | 21,555 |  |  |  | 21,544 |  |  |  | 21,375 |  |  |  | 22,200 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Dividends declared per common share |  | $ | 0.08 |  |  | $ |  |  |  | $ |  |  |  | $ |  |  |  | $ |  |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| **Balance Sheet Data at Year-End** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total assets |  | $ | 658,432 |  |  | $ | 682,096 |  |  | $ | 673,356 |  |  | $ | 732,848 |  |  | $ | 826,198 |  |
| Total debt(5) |  |  | 21,054 |  |  |  | 50,092 |  |  |  | 66,778 |  |  |  | 73,703 |  |  |  | 83,118 |  |
| Common stock and other equity |  |  | 346,505 |  |  |  | 333,871 |  |  |  | 266,163 |  |  |  | 333,440 |  |  |  | 432,356 |  |
| **Other Data** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Adjusted EBITDA(6) |  | $ | 61,353 |  |  | $ | 63,873 |  |  | $ | 47,083 |  |  | $ | (18,029 | ) |  | $ | 117,687 |  |

|  |  |  |
| --- | --- | --- |
| (1) |  | Includes restructuring charges, recoveries and other items (after-tax) of $763,000 expense, or $0.04 per diluted share, in 2004; $3.0 million income, or $0.14 per diluted share, in 2003; $12.1 million expense, or $0.56 per diluted share, in 2002; $55.3 million expense, or $2.56 per diluted share, in 2001; $5.3 million expense, or $0.23 per diluted share, in 2000. Also includes goodwill and intangible asset impairment losses (after-tax) of $76.6 million, or $3.52 per share, and $5.0 million, or $0.23 per share, respectively, in 2004. See Notes 5 and 14 of notes to consolidated financial statements for further explanation. |
|  |  | |
| (2) |  | In January 2002, Viad adopted Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Other Intangible Assets. SFAS No. 142 specifies that goodwill and certain intangible assets with indefinite lives no longer be amortized but instead be subject to periodic impairment testing. Excluding the amortization of previously expensed goodwill and certain intangible assets, income (loss) from continuing operations and corresponding diluted income (loss) per share would have been $(33.0) million, or $1.53 diluted loss per share, in 2001 and $52.1 million, or $2.29 diluted income per share, in 2000. |
|  |  | |
| (3) |  | Viad recorded income from discontinued operations of $2.3 million in 2004 related to tax matters associated with previously sold operations, primarily foreign tax settlements. |
|  |  | |
| (4) |  | In accordance with the adoption of SFAS No. 142, Viad completed the transitional impairment test for goodwill during 2002 and recorded a transitional impairment loss of $40.0 million ($37.7 million after-tax) related to goodwill at Exhibitgroup/Giltspur. |

11

##### [Table of Contents](#tocpage)

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| --- | --- | --- |
| (5) |  | Long-term debt prior to the spin-off of MoneyGram was based on the prorated level of debt (other than debt related to employee benefit plans) estimated to be owed by Viad immediately following the spin-off of MoneyGram. |
|  |  | |
| (6) |  | Adjusted EBITDA is utilized by management to measure the profit and performance of Viads operations and to facilitate period to period comparisons. Adjusted EBITDA is defined by Viad as net income (loss) before interest expense, income taxes, depreciation and amortization, goodwill and intangible asset impairments, changes in accounting principles and the effects of discontinued operations. Adjusted EBITDA is considered a useful operating metric as potential variations arising from taxes, depreciation, debt service costs, goodwill and intangible asset impairments, changes in accounting principles and the effects of discontinued operations are eliminated, thus resulting in an additional measure considered to be indicative of Viads ongoing operations. Adjusted EBITDA is also used by management to assess Viads ability to service debt, fund capital expenditures and finance growth. The presentation of Adjusted EBITDA is supplemental to results presented under accounting principles generally accepted in the United States of America (GAAP) and may not be comparable to similarly titled measures used by other companies. This non-GAAP measure should be considered in addition to, but not a substitute for, other measures of financial performance and liquidity reported in accordance with GAAP. See Non-GAAP Measures in Managements Discussion and Analysis of Financial Condition and Results of Operations for further discussion. |

12

##### [Table of Contents](#tocpage)

**Item 7. Managements Discussion and Analysis of Financial Condition and Results of Operations.**

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

**Overview:**

     On June 30, 2004, Viad Corp (Viad or the Company) separated its payment services business from its other businesses by means of a tax-free spin-off. To effect the separation, Travelers Express Company, Inc. became a subsidiary of MoneyGram International, Inc. (MoneyGram), a newly-formed, wholly-owned subsidiary of Viad, and Viad distributed all of the shares of MoneyGram common stock as a dividend on Viad common stock on the date of the spin-off. Certain members of Viads Board of Directors are also Directors of MoneyGram. The continuing business of Viad consists of the businesses of convention show services, exhibit design and construction and travel and recreation services operations as well as Viads centralized corporate functions located in Phoenix, Arizona.

     Due to the relative significance of MoneyGram as compared to the remaining businesses of Viad, the transaction was accounted for as a reverse spin-off in accordance with Emerging Issues Task Force Issue No. 02-11, Accounting for Reverse Spin-offs. Accordingly, MoneyGram was considered the divesting entity for accounting purposes and is the accounting successor to Viad with respect to the historical consolidated financial statements of Viad prior to the spin-off. Conversely, the remaining combined businesses of Viad (excluding MoneyGram) represent the entity which was spun-off from MoneyGram International (accounting successor to Viad Corp).

     In connection with the completion of the spin-off, Viad provided notice of redemption to the holders of the Companys $4.75 mandatorily redeemable preferred stock for which the Company irrevocably deposited $24.0 million in a trust clearing account for the benefit of the holders of the preferred shares. The trust clearing account and the associated preferred stock redemption liability were included in the assets and liabilities of Viad following the spin-off. The related loss on redemption of the preferred stock was included in the financial statements of MoneyGram. At December 31, 2004, the amount of restricted cash and the preferred stock redemption liability was $252,000.

     In addition, at the annual Viad stockholders meeting in May 2004, Viad stockholders approved a one-for-four reverse stock split of the Companys common stock whereby, upon completion of the MoneyGram spin-off, every four shares of Viad common stock held on July 1, 2004, became one share of Viad common stock. The accompanying consolidated financial statements reflect the effects of the one-for-four reverse stock split for all periods presented.

     As a result of the spin-off, Viad redefined its reportable segments to reflect a disaggregated presentation of the former Convention and Event Services segment and the inclusion of the businesses comprising Travel and Recreation Services as a reportable segment. Accordingly, Viad operates in three reportable business segments as follows:

*GES*  GES Exposition Services, Inc. (GES) provides exhibition and event services throughout North America, such as freight handling, transportation, installation, dismantling and management services to trade associations and show management companies and exhibitors. GES also provides certain exhibit design and construction services.

*Exhibitgroup*  Exhibitgroup/Giltspur (Exhibitgroup) specializes in the large-to-small scale design, construction, installation and warehousing of convention and trade show exhibits and displays, primarily for corporate customers in North America, and to a lesser extent in Europe. Exhibitgroup also provides trade show services to its corporate customers.

*Travel and Recreation Services*  Brewster Transport Company Limited (Brewster) provides tourism services in the Canadian Rockies in Alberta and in other parts of Western Canada. Brewsters operations include the Banff Gondola, Columbia Icefield Ice Explorer Tours, motorcoach services, charter and package tours and other sightseeing services, hotel operations and travel agencies. Glacier Park, Inc. (Glacier Park) operates four historic lodges and three motor inns and provides food and beverage operations, retail operations and tour and transportation services in and around Glacier National Park in Montana and Waterton Lakes National Park in Alberta, Canada.

13

##### [Table of Contents](#tocpage)

     The following 2004 financial highlights are presented based on amounts determined in accordance with accounting principles generally accepted in the United States of America (GAAP):

**Viad Corp (Consolidated)**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Total revenues of $785.7 million, an increase of 2.0 percent |  |
|  | | | |
|  |  | Net loss of $56.0 million compared to net income in 2003 of $21.1 million |  |
|  | | | |
|  |  | Diluted net loss per share of $2.58 compared to diluted net income per share in 2003 of $0.97 |  |
|  | | | |
|  |  | Goodwill and intangible asset impairment losses of $80.4 million ($76.6 million after-tax) and $8.3 million ($5.0 million after-tax), respectively, were recorded in 2004 related to Exhibitgroup |  |
|  | | | |
|  |  | Restructuring charges of $1.2 million ($763,000 after-tax) were recorded in 2004, compared to restructuring recoveries of $5.0 million ($3.0 million after-tax) in 2003 |  |
|  | | | |
|  |  | Income from discontinued operations of $2.3 million in 2004 related to tax matters associated with previously sold operations, primarily foreign tax settlements |  |
|  | | | |
|  |  | Cash and cash equivalents were $115.1 million at December 31, 2004 |  |
|  | | | |
|  |  | Debt was $21.1 million at December 31, 2004 |  |

**GES**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Revenues of $540.1 million, an increase of 8.3 percent |  |
|  | | | |
|  |  | Segment operating income of $43.3 million, an increase of 7.7 percent |  |

**Exhibitgroup**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Revenues of $178.1 million, a decrease of 18.5 percent |  |
|  | | | |
|  |  | Segment operating loss of $9.6 million compared to segment operating income in 2003 of $1.1 million |  |

**Travel and Recreation**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Revenues of $67.5 million, an increase of 26.8 percent |  |
|  | | | |
|  |  | Segment operating income of $19.8 million, an increase of 98.2 percent |  |

**Non-GAAP Measures:**

     The following discussion includes a presentation of Adjusted EBITDA and Income before impairment losses, which are utilized by management to measure the profit and performance of Viads operations and to facilitate period to period comparisons. Adjusted EBITDA is defined by Viad as net income (loss) before interest expense, income taxes, depreciation and amortization, goodwill and intangible asset impairments, changes in accounting principles and the effects of discontinued operations. Adjusted EBITDA is considered a useful operating metric as potential variations arising from taxes, depreciation, debt service costs, goodwill and intangible asset impairments, changes in accounting principles and the effects of discontinued operations are eliminated, thus resulting in an additional measure considered to be indicative of Viads ongoing operations. Adjusted EBITDA is also used by management to assess Viads ability to service debt, fund capital expenditures and finance growth. Income before impairment losses is defined by Viad as income (loss) from continuing operations before the after-tax effect of impairment charges related to goodwill and intangible assets. Income before impairment losses is utilized by management to review operating results of the business without the effects of noncash impairments. The presentation of Adjusted EBITDA and Income before impairment losses is supplemental to results presented under GAAP and may not be comparable to similarly titled measures used by other companies. These non-GAAP measures should be considered in addition to, but not a substitute for, other measures of financial performance and liquidity reported in accordance with GAAP.

     Management believes that the presentation of Adjusted EBITDA and Income before impairment losses provides useful information to investors regarding Viads results of operations for trending, analyzing and benchmarking the performance and value of Viads business. Management uses Adjusted EBITDA and Income before impairment losses primarily as performance measures and believes that the GAAP financial measures most directly comparable to these non-GAAP measures are net income (loss) and income (loss) from continuing operations, respectively. Although Adjusted EBITDA is used as a financial measure to assess the performance of the business, the use of Adjusted EBITDA is limited because it does not consider material costs, expenses and other items necessary to operate the business. These items include debt service costs, noncash depreciation and amortization expense associated with long-lived assets, expenses related to federal and state income taxes, noncash goodwill and intangible asset impairments, the effects of accounting changes and discontinued operations. Similarly, although Income before impairment losses is used as a financial measure to assess the performance of the business, its use is limited because it does not consider noncash goodwill and intangible asset impairment losses. Because Adjusted EBITDA and Income before impairment losses do not consider the above items, a user of Viads financial information should consider net

14

##### [Table of Contents](#tocpage)

income (loss) and income (loss) from continuing operations important measures of financial performance because they provide a more complete measure of the Companys performance.

     A reconciliation of Adjusted EBITDA to net income (loss) is as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **2004** | |  |  | **2003** | |  |  | **2002** | |  |
|  |  | **(in thousands)** | | | | | | | | | |  |
| Adjusted EBITDA |  | $ | 61,353 |  |  | $ | 63,873 |  |  | $ | 47,083 |  |
| Interest (expense) recoveries |  |  | (2,267 | ) |  |  | 1,080 |  |  |  | (4,056 | ) |
| Income tax expense |  |  | (5,346 | ) |  |  | (21,361 | ) |  |  | (9,839 | ) |
| Depreciation and amortization |  |  | (23,370 | ) |  |  | (22,501 | ) |  |  | (24,793 | ) |
| Goodwill and intangible asset impairment losses |  |  | (88,699 | ) |  |  |  |  |  |  |  |  |
| Change in accounting principle |  |  |  |  |  |  |  |  |  |  | (37,739 | ) |
| Income from discontinued operations |  |  | 2,327 |  |  |  |  |  |  |  |  |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Net income (loss) |  | $ | (56,002 | ) |  | $ | 21,091 |  |  | $ | (29,344 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |

     The decrease in Adjusted EBITDA of $2.5 million from 2003 compared to 2004 was driven by lower operating income at Exhibitgroup and unfavorable restructuring charges. Partially offsetting this was higher revenue and operating income at GES and Travel and Recreation Services. The increase in Adjusted EBITDA of $16.8 million in 2003 compared to 2002 was primarily due to lower restructuring charges and higher restructuring recoveries for a net change of $23.5 in 2003 as compared to 2002, which was partially offset by lower operating income of $5.6 million (excluding depreciation and amortization). See Results of Operations below for further discussion.

     A reconciliation of Income before impairment losses to Income (loss) from continuing operations is as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **2004** | |  |  | **2003** | |  |  | **2002** | |  |
|  |  | **(in thousands)** | | | | | | | | | |  |
| Income before impairment losses |  | $ | 23,278 |  |  | $ | 21,091 |  |  | $ | 8,395 |  |
| Goodwill and intangible asset impairment losses, net of tax |  |  | (81,607 | ) |  |  |  |  |  |  |  |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Income (loss) from continuing operations |  | $ | (58,329 | ) |  | $ | 21,091 |  |  | $ | 8,395 |  |
|  |  |  | |  |  |  | |  |  |  | |  |

     See Results of Operations below for a discussion of goodwill and intangible asset impairment losses.

**Results of Operations:**

***2004 vs. 2003:***

     Revenues for 2004 increased 2.0 percent to $785.7 million from $770.5 million in 2003. Revenue growth at GES and Travel and Recreation Services was largely offset by lower revenue at Exhibitgroup. Loss from continuing operations before income taxes was $53.0 million for 2004, compared to income of $42.5 million in 2003. Viads loss from continuing operations was $58.3 million, or $2.68 per share, compared to income of $21.1 million, or $0.97 per share, in 2003. Excluding the goodwill and intangible asset impairment losses recorded in 2004, income before impairment losses (see Non-GAAP Measures above) was $23.3 million, or $1.07 per share, versus $21.1 million, or $0.97 per share, in 2003. The increase was primarily driven by improved segment operating income in the Travel and Recreation Services segment and at GES, which was largely offset by decreased operating results at Exhibitgroup.

     Viad recorded income from discontinued operations of $2.3 million, or $0.10 per share, in 2004 related to tax matters associated with previously sold operations, primarily favorable foreign tax settlements. Including income from discontinued operations, Viads 2004 net loss was $56.0 million, or $2.58 per share, compared to $21.1 million, or $0.97 per share, in 2003.

*GES.* Revenues for GES were $540.1 million for 2004, an increase of 8.3 percent compared to $498.7 million in 2003. This increase largely resulted from an increase in revenues from GESs Products and Services group, which provides elective services to exhibitors, as well as the result of positive show rotation. This rotation included shows such as International Manufacturing Technology Show, MINExpo, International Baking Industry Expo and International Woodworking Machinery & Furniture Supply Fair, which occurred in the third quarter of 2004 but did not occur in 2003. Favorable rotation from these shows was partially offset by negative show rotation in the second quarter of 2004 as well as the first quarter of 2004 loss of the North American International Auto Show in Detroit (due to certain contractor requirements). In addition, GES benefited

15

##### [Table of Contents](#tocpage)

from modest same-show growth in 2004 as the trade show industry saw a slight overall increase in the size of shows as well as an increase in the number of exhibitors and attendees.

     Segment operating income was $43.3 million for 2004, up 7.7 percent from $40.2 million in 2003. Operating margins decreased slightly to 8.0 percent in 2004 from 8.1 percent in 2003. GES has experienced pressure on margins due to increased labor and related costs as well as a change in revenue mix. During the third quarter of 2004, GES experienced a ten day work stoppage in Las Vegas by the Teamsters Union and incurred direct costs of approximately $1.3 million, mainly related to security, thereby negatively affecting operating results. 2004 operating results were also negatively impacted by severe hurricane activity in the Southeast, the effects of which are not fully quantifiable. GES also experienced pressure on higher margin material handling revenue as exhibitors were using lighter exhibits and bringing fewer products to the show floor. If this trend continues, future operating margins may be negatively affected. Additionally, GES was not able to fully reflect in its prices the increased costs for petroleum-based commodities such as carpet, plastics and fuel experienced in the latter part of 2004.

     GES and Exhibitgroup are subject to multiple collective bargaining agreements that affect labor costs, about one-third of which expire each year. Although labor relations between the companies and labor are currently stable, disruptions during future contract negotiations could occur, with the possibility of an adverse impact on the operating results of GES and/or Exhibitgroup. Additionally, show rotation into certain markets in 2005 is expected to increase the need for labor above the supply in those local markets. GES is working with its labor unions to meet the necessary labor requirements in these markets, however, any shortages could adversely affect future revenue and operating income.

     GESs revenue growth is dependent upon, among other things, show rotation, general economic conditions and levels of exhibitor spending. In general, the trade show industry is experiencing signs of slight to modest growth in terms of square footage and number of exhibitors. Management believes that further improvements in the economy and corporate earnings could lead to increased show spending. The prospects for individual shows tend to be driven by the success of the industry related to those shows. Certain industries have performed very well (i.e. health care and defense) while others have had more difficulty. Technology experienced several cancellations for shows which were expected to occur in 2004. GES has a diversified revenue base and is generally insulated from industry specific trends. In response to lower material handling revenue and increased labor and other costs, management continues to emphasize cost containment, productivity improvements and revenue growth through greater market penetration into exhibitor elective spending. Management is also pursuing price increases to cover the recent increase in the cost of petroleum-based commodities.

*Exhibitgroup.* Revenues for Exhibitgroup were $178.1 million for 2004, down 18.5 percent from $218.6 million in 2003. The decline in revenues was driven mainly by weak demand for the design and construction of new exhibits, primarily due to diminished corporate spending and continued softness in the general economy, as many exhibitors elected to reuse or refurbish existing exhibits rather than placing orders for new construction. Customer losses also contributed to the overall revenue decline. These losses occurred as the result of unfavorable pricing, which management believes would have led to unprofitable business.

     Segment operating loss was $9.6 million for 2004 compared to operating income of $1.1 million in 2003. The decline in operating income was due to the continued erosion of sales revenue, particularly new construction revenue that resulted in a less profitable mix of business. Margins on construction revenue are roughly twice that of show services provided by Exhibitgroup. Construction revenues, including exhibit and kiosk construction, accounted for only 25 to 30 percent of Exhibitgroups total revenues in 2004 compared to 30 to 35 percent in 2003 and compared to historical norms of 40 to 45 percent. This change in the revenue mix has contributed to lower margins and operating losses despite cost control efforts.

     Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Other Intangible Assets, requires companies to test goodwill and certain intangible assets for impairment on an annual basis. Impairment testing is also required between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. During the third quarter of 2004, Exhibitgroups operating results were affected by a significant reduction in revenue from new exhibit construction that caused management to reduce its outlook for the full year. As a result of this potential impairment indicator, Viad performed interim goodwill and intangible asset impairment tests for the Exhibitgroup reporting unit. Based on this interim testing, management concluded that a goodwill impairment loss was necessary and that a trademark intangible impairment loss was probable. Accordingly, Viad recorded a charge of $80.4 million ($76.6 million after-tax), representing the entire carrying amount of Exhibitgroups goodwill, and a charge of $7.0 million ($4.2 million after-tax) representing managements preliminary estimate of the trademarks impairment. Management finalized

16

##### [Table of Contents](#tocpage)

the valuation of the trademark during the fourth quarter of 2004 and recorded an additional impairment charge of $1.3 million ($776,000 after-tax).

     Viad uses a discounted expected future cash flow methodology in order to estimate the fair value of its reporting units and its intangible assets. The estimates and assumptions regarding expected future cash flows, terminal values and the discount rate require considerable judgment and are based on historical experience, financial forecasts and industry trends and conditions. These estimates, however, have inherent uncertainties, and different assumptions could lead to materially different results.

     During the fourth quarter of 2004, management saw some stabilization of new exhibit construction revenue and pricing. However, competitive pricing in Exhibitgroups kiosk market resulted in lower, new kiosk construction revenue and margins. New kiosk construction, which Viad includes in overall construction, approximated five percent of Exhibitgroups total revenue in 2004 as compared to more than eight percent in 2003. Visibility over revenues continues to be poor and a sustained increase in customer marketing spending on new exhibit construction has not materialized to date. If the prolonged weakness in demand for new exhibits and pricing pressures on kiosks continue, revenue could decline further and operating income could be similarly affected. Management remains focused on cost control, productivity enhancements, customer service improvements and innovative pricing strategies in order to preserve and increase operating margins over the longer-term.

*Travel and Recreation Services.* Revenues for the Travel and Recreation Services segment were $67.5 million for 2004, up 26.8 percent from $53.2 million in 2003. Segment operating income was $19.8 million for 2004 compared to $10.0 million in 2003. Operating margins increased to 29.3 percent in 2004 from 18.7 percent in 2003. In 2003, revenues and operating income in this segment were reduced by lower visitation rates primarily caused by instability abroad, the outbreak of certain health issues and Air Canadas financial difficulties. Overall business activity in 2004 recovered with strong increases in revenues and operating income reflecting improved visitation rates at Brewster, especially from the Far East. As compared to 2003, passenger volumes were up 30 percent for Brewsters Ice Explorer Tours going to the Columbia Icefield, and up 16 percent for the Banff Gondola, which takes passengers to the summit of Sulphur Mountain.

     Glacier Park generated 21 percent of the Travel and Recreation Services segments full year 2004 operating income and its season is primarily in the third quarter of each year. During 2004, Glacier Park remained open the entire summer season resulting in greatly improved revenues and operating income in 2004 as compared to 2003. Forest fires during the third quarter of 2003 had a significantly negative impact on the businesss results for 2003 as portions of Glacier Parks operations were forced to close twice during the peak season. Glacier Park generated 23 percent of the Travel and Recreation Services segments full year 2003 operating income.

     Glacier Parks concession contract with the U.S. National Park Service (the Park Service) expires at the end of 2005, at which time a new concessionaire may be selected by the Park Service and Viads Glacier Park operation would consist only of the operations at Waterton Lakes, Canada, and East Glacier, Montana, which are not part of the concession contract. In such a circumstance, Viad would be entitled to an amount equal to its possessory interest, which generally means the value of the structures acquired or constructed, fixtures installed or improvements made to Glacier National Park during the term of the contract, based on the reconstruction cost of a new unit of like kind, less depreciation, but not to exceed fair market value. While the option exists for the Park Service to extend Glacier Parks contract for up to three years, it is not currently known if it will do so.

*Corporate Activities.* Corporate activities expense decreased $657,000 from 2003 to 2004. This was largely due to the reduction of compensation and employee benefit costs and facility costs as a result of the MoneyGram spin-off.

*Interest Expense.* Interest expense was $2.3 million in 2004 compared to interest recoveries of $1.1 million in 2003. The 2003 amount reflects a reversal of $4.6 million of previously accrued interest due to favorable income tax settlements. Interest expense in 2003 was $3.5 million before giving effect to the reversal above, which is higher than the 2004 amount as average debt balances were lower in 2004.

*Income Taxes.* The effective tax rate before goodwill and intangible asset impairment losses was 34.8 percent for 2004 compared to 50.3 percent for 2003. The decrease from 2003 was due to net favorable income tax settlements and adjustments recorded in the third quarter of 2004 as well as higher 2003 state income tax expense associated with adjustments for potentially unrealizable future benefits of state net operating losses.

17

##### [Table of Contents](#tocpage)

***2003 vs. 2002:***

     Revenues for 2003 decreased 8.8 percent to $770.5 million from $844.5 million in 2002. The decline was primarily driven by negative show rotation and weaker demand for the design and construction of new exhibits. This decline reflected the downturn in the general economy and diminished corporate spending. Viad also experienced moderate declines in Travel and Recreation Services revenues. Income before income taxes was $42.5 million for 2003, compared to $18.2 million in 2002. The 2002 amount included net restructuring charges of $18.5 million compared to restructuring recoveries of $5.0 million in 2003. Net income for 2003 was $21.1 million compared to a net loss of $29.3 million in 2002. The 2002 net loss included the $37.7 million after-tax transitional impairment charge related to the adoption of SFAS No. 142.

*GES.* Revenues for GES were $498.7 million for 2003 compared to $533.9 million in 2002. The decline in revenues largely resulted from net negative show rotation, where shows rotating out of 2003, such as the International Manufacturing Technology Show, outweighed the shows rotating into 2003, such as the National Plastics Expositions and Worldwide Food Show. The sequential year-over-year declines in show attendance, the number of exhibiting companies and convention square footage resulting from weak overall economic conditions since 2001 led to lower demand for services, cancelled shows and show shrinkage which contributed to the revenue decline. Segment operating income was $40.2 million for 2003, down 6.0 percent from $42.8 million in 2002. Operating margins increased slightly to 8.1 percent in 2003 from 8.0 percent in 2002.

*Exhibitgroup.* Revenues for Exhibitgroup were $218.6 million for 2003, down 13.4 percent from $252.4 million in 2002. Segment operating income was $1.1 million for 2003 compared to an operating loss of $2.6 million in 2002. The decline in revenues was driven by weak demand for the design and construction of new exhibits, primarily due to diminished corporate spending and continued softness in the general economy, as many exhibitors elected to reuse or refurbish existing exhibits rather than placing orders for new construction. Segment operating income increased during 2003 primarily due to the effectiveness of management initiatives to improve performance, including restructuring efforts.

*Travel and Recreation Services.* Revenues for the Travel and Recreation Services segment were $53.2 million for 2003, down 8.7 percent from $58.3 million in 2002. Segment operating income was $10.0 million for 2003 compared to $14.2 million in 2002. Operating margins decreased to 18.7 percent in 2003 from 24.5 percent in 2002. These businesses were negatively impacted by a continued decline in the world travel market due to ongoing threats of terrorism, the war in Iraq, health issues (SARS, Mad Cow Disease and West Nile virus), Air Canadas financial difficulties and wildfires in and around Glacier National Park.

     Since the events of September 11, 2001, worldwide leisure travel had been on a steady decline, directly affecting the Travel and Recreation Services segment with reduced visitation during 2002 and again in 2003. In 2003, these businesses were also severely affected by the announcement in April 2003 that Air Canada, which serves a large portion of visitors to these businesses, was experiencing financial difficulty and had filed for protection under Canadas Companies Creditors Arrangement Act. This event reduced the capacity of transportation available for visitors to Western Canada. Visitor travel from Asia, long a key market for these businesses, was significantly lower in 2003, primarily due to the outbreak of SARS in Asia in late 2002. A subsequent SARS outbreak in Canada reduced the number of travelers coming to Canada from the United States and Europe.

     Lastly, during the peak summer season of 2003, wildfires in and around Glacier National Park forced the closure and evacuation of many of Viads hotels and attractions. Despite the fact that the fires were under control in late summer, significant reservation cancellations left the businesses operating far below capacity. Given Glacier National Parks limited visitation season, the lost business could not be recouped elsewhere.

     The impact of the above reductions in revenue in 2003 from 2002 also impacted operating income. While certain of the costs of these businesses can be pared down for certain fluctuations in visitor attendance, many of the unforeseen events of 2003 left these businesses with excess costs relative to revenue. The forest fires, in particular, forced these businesses to maintain overhead costs to ensure sufficient resources were available to facilitate the closures and subsequent re-openings, and to service the visitors. Thus, while revenues were down 8.7 percent, expenses could not be shed as rapidly, resulting in an operating income decline that disproportionately exceeded the revenue decline.

*Corporate Activities.* Corporate activities expense increased $960,000 from 2002 to 2003. This increase was due primarily to higher insurance premiums and employee benefit costs.

18

##### [Table of Contents](#tocpage)

*Interest Expense.* Interest recoveries were $1.1 million in 2003 compared to interest expense of $4.1 million in 2002. The 2003 amount reflects a reversal of $4.6 million of previously accrued interest due to favorable income tax settlements. Interest expense in 2003 was $3.5 million before giving effect to the reversal above, which is lower than the 2002 amount as average debt balances and interest rates were lower in 2003.

*Income Taxes.* The effective tax rate was 50.3 percent for 2003 compared to 54.0 percent for 2002. The relatively high rate compared to the federal statutory rate of 35.0 percent was due to higher state income tax expense associated with adjustments for potentially unrealizable future benefits of state net operating losses.

**Liquidity and Capital Resources:**

     Cash and cash equivalents were $115.1 million at December 31, 2004 as compared to $61.3 million at December 31, 2003, with the increase primarily due to net distributions from MoneyGram and to cash flow from operations.

     Viads total debt at December 31, 2004 was $21.1 million compared with $50.1 million at December 31, 2003. The debt-to-capital ratio was 0.057 to 1 at December 31, 2004 compared with 0.129 to 1 at December 31, 2003. Capital is defined as total debt plus minority interests and common stock and other equity.

     Long-term debt at December 31, 2003 includes an allocated portion of Viads historical debt balances. For the purpose of preparing Viads financial statements prior to the MoneyGram spin-off, the historical allocation of debt was based on the prorated level of debt estimated to be assumed by New Viad at the time of the spin-off. Of the total debt balance of $50.1 million at December 31, 2003, $20.1 million represented debt obligations directly attributable to New Viads operations and $30.0 million represents allocated general corporate debt of Viad.

     Effective June 30, 2004, Viad entered into a $150 million secured revolving credit agreement with eight lenders. The term of the credit facility is three years (expiring on June 30, 2007) and borrowings are to be used for general corporate purposes (including permitted acquisitions) and to support up to $75 million of letters of credit. The lenders have a first perfected security interest in all of the personal property of Viad and GES, including 65 percent of the capital stock of top-tier foreign subsidiaries. GES is a guarantor of the facility. Borrowings under the facility are indexed to the prime rate or the London Interbank Offering Rate, plus appropriate spreads tied to Viads leverage ratio. Commitment fees and letters of credit fees are also tied to Viads leverage ratio. At December 31, 2004, Viad had an outstanding borrowing of $12.2 million under the revolving credit agreement which was used to repay the ESOP debt obligation described below. With the termination of Viads previous credit facilities upon the MoneyGram spin-off, $9.5 million of letters of credit automatically transitioned to the new $150 million credit agreement. Financial covenants include a minimum consolidated net worth requirement of not less than $294.9 million plus 50 percent of positive quarterly consolidated net income earned in each fiscal quarter beginning with the quarter ended December 31, 2004; a fixed-charge coverage ratio of not less than 1.25 to 1, and a leverage ratio (defined as total debt to Adjusted EBITDA) of not greater than 2.65 to 1. Significant other covenants include limitations on investments, common stock dividends, stock repurchases, additional indebtedness, sales/leases of assets, acquisitions, consolidations or mergers, liens on property, capital expenditures and operating leases. At December 31, 2004, Viad was in compliance with all covenants.

     In July 2004, Viad borrowed $12.4 million under the revolving credit agreement described above to pay in full the ESOP debt obligation and release Viad from its guarantee of the loan. Viad became the new lender to the ESOP, under essentially the same terms as the previous bank loan, to preserve the continuity of the ESOP and the release of Viad shares to participants accounts through June 2009. This transaction did not result in a net change to the Companys outstanding debt.

     Under a Shelf Registration filed with the SEC, Viad can issue up to an aggregate $500 million of debt and equity securities. No securities have been issued under the program.

     Capital expenditures for the year ended December 31, 2004 totaled $15.4 million as compared to $15.5 million in 2003. These expenditures primarily related to certain leasehold improvements, information systems and related costs, and manufacturing and other equipment.

     In January 2005, Viad sold a 50 percent interest in its corporate aircraft to MoneyGram for $8.6 million in cash. The purchase price was determined by reference to third party appraisals that indicated a fair market value which closely approximated the net book value of the aircraft. Accordingly, there was no gain or loss in connection with the transaction. Viad and MoneyGram will share in the fixed costs of operating the aircraft while each will pay the variable costs depending on the usage by each company.

     In February 2005, Viad repaid its senior notes outstanding of $2.0 million pursuant to their scheduled maturities.

19

##### [Table of Contents](#tocpage)

     The following table presents Viads contractual obligations as of December 31, 2004:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Payments due by period** | | | | | | | | | | | | | | | | | |  |
|  |  |  |  |  |  | **Less than** | |  |  |  |  |  |  |  |  |  |  | **More than** | |  |
|  |  | **Total** | |  |  | **1 year** | |  |  | **1-3 years** | |  |  | **3-5 years** | |  |  | **5 years** | |  |
|  |  | **(in thousands)** | | | | | | | | | | | | | | | | | |  |
| Long-term debt, including current portion |  | $ | 15,450 |  |  | $ | 3,000 |  |  | $ | 12,450 |  |  | $ |  |  |  | $ |  |  |
| Capital lease obligations |  |  | 5,604 |  |  |  | 1,056 |  |  |  | 1,463 |  |  |  | 1,153 |  |  |  | 1,932 |  |
| Operating leases |  |  | 122,032 |  |  |  | 24,699 |  |  |  | 35,655 |  |  |  | 26,496 |  |  |  | 35,182 |  |
| Estimated interest payments(1) |  |  | 1,658 |  |  |  | 487 |  |  |  | 610 |  |  |  | 357 |  |  |  | 204 |  |
| Purchase obligations(2) |  |  | 6,825 |  |  |  | 4,793 |  |  |  | 1,548 |  |  |  | 484 |  |  |  |  |  |
| Preferred stock redemption liability(3) |  |  | 252 |  |  |  | 252 |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Total contractual cash obligations(4) |  | $ | 151,821 |  |  | $ | 34,287 |  |  | $ | 51,726 |  |  | $ | 28,490 |  |  | $ | 37,318 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |

|  |  |  |
| --- | --- | --- |
| (1) |  | Interest payments on fixed rate debt and capital lease obligations only. Interest payments on variable rate debt (Viads revolving credit agreement, as described in Note 7 of notes to consolidated financial statements) is indexed to the London Interbank Offering Rate and is excluded from the table. |
|  |  | |
| (2) |  | Purchase obligations primarily represent payments due under various licensing agreements and commitments related to consulting and other services that are enforceable and legally binding and that specify all significant terms, including open purchase orders. Also included are multi-year utility contracts for which the minimum requirements contained in the contracts are included in the table. |
|  |  | |
| (3) |  | See Overview above for a discussion of the preferred stock redemption liability. |
|  |  | |
| (4) |  | Estimated payments associated with Viads defined benefit pension and other postretirement benefit plans are excluded from the table above. See Note 13 of notes to consolidated financial statements for disclosures regarding expected payments pursuant to those obligations. |

     Viad is subject to various U.S. federal, state and foreign laws and regulations governing the prevention of pollution and the protection of the environment in the jurisdictions in which Viad has or had operations. If Viad has failed to comply with these environmental laws and regulations, civil and criminal penalties could be imposed and Viad could become subject to regulatory enforcement actions in the form of injunctions and cease and desist orders. As is the case with many companies, Viad also faces exposure to actual or potential claims and lawsuits involving environmental matters relating to Viads past operations. Although Viad is a party to certain environmental disputes, Viad believes that any resulting liabilities, after taking into consideration amounts already provided for, including insurance coverage, will not have a material effect on Viads financial position or results of operations.

**Off-Balance Sheet Arrangements:**

     Viad does not have any off-balance sheet transactions or arrangements with unconsolidated special-purpose or other entities that would affect the Companys liquidity or capital resources. Furthermore, Viad does not have any relationships with special-purpose or other entities that provide off-balance sheet financing, liquidity or credit risk support, or engage in leasing or other services that expose the Company to liability or risks of loss that are not reflected in Viads consolidated financial statements. See Notes 15 and 16 of notes to consolidated financial statements regarding Viads operating leases and parent-subsidiary guarantees.

**Critical Accounting Policies:**

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

*Goodwill*  SFAS No. 142 requires annual impairment testing of goodwill based on the estimated fair value of Viads reporting units. The fair value of Viads reporting units is estimated based on discounted expected future cash flows using a weighted average cost of capital rate. Additionally, an assumed terminal value is used to project future cash flows beyond base years. The estimates and assumptions regarding expected cash flows, terminal values and the discount rate require considerable judgment and are based on historical experience, financial forecasts and industry trends and conditions.

     During 2002, Viad recorded a transitional goodwill impairment loss of $40.0 million ($37.7 million after-tax) related to Exhibitgroup. Subsequent to the initial adoption of SFAS No. 142, annual impairment tests were performed in 2002 and 2003 resulting in no additional impairment. As discussed above, customer orders for new exhibit construction at Exhibitgroup declined further than management had anticipated in the third quarter of 2004 resulting in a less profitable mix of business, causing management to reduce its outlook for the full year. In 2004, Viad performed goodwill and intangible asset impairment

20

##### [Table of Contents](#tocpage)

tests at Exhibitgroup and concluded that impairment losses were necessary on Exhibitgroups goodwill and trademark intangible asset. Accordingly, Viad recorded a charge of $80.4 million ($76.6 million after-tax), representing the entire carrying amount of Exhibitgroups goodwill, and a charge of $8.3 million ($5.0 million after-tax) based upon a third partys assessment of the trademarks value (resulting in a remaining trademark book value of $4.6 million).

     As of December 31, 2004, Viad has recorded goodwill of $149.7 million and $33.5 million related to GES and Travel and Recreation Services, respectively. Goodwill and unamortized intangible assets are typically tested for impairment annually as of October 31 of each year.

*Insurance liabilities*  Viad is self-insured up to certain limits for workers compensation, automobile, product and general liability and property loss claims. The aggregate amount of insurance liabilities related to Viads continuing operations was $21.3 million as of December 31, 2004. Of this total, $13.7 million related to workers compensation liabilities and the remaining $7.6 million related to general/auto liability claims. Viad has also retained and provided for certain insurance liabilities in conjunction with previously sold businesses totaling $14.9 million at December 31, 2004, primarily related to workers compensation liabilities. Provisions for losses for claims incurred, including estimated claims incurred but not yet reported, are made based on Viads prior historical experience, claims frequency and other factors. Viad has purchased insurance for amounts in excess of the self-insured levels. The self-insured retention levels generally range from $200,000 to $500,000 on a per claim basis. A change in the assumptions used could result in an adjustment to recorded liabilities. Viad does not maintain a self-insured retention pool fund as claims are paid from current cash resources at the time of settlement. Viads net cash payments in connection with these insurance liabilities were $6.4 million and $4.4 million for the years ended December 31, 2004 and 2003, respectively.

*Postretirement benefits other than pensions * Viad and certain of its subsidiaries have defined benefit postretirement plans that provide medical and life insurance for certain eligible employees, retirees and dependents. The related postretirement benefit liabilities are recognized over the period that services are provided by employees. In addition, Viad retained the obligations for these benefits for retirees of certain sold businesses. While the plans have no funding requirements, Viad may fund the plans.

     The assumed health care cost trend rate used in measuring the 2004 accumulated postretirement benefit obligation was ten percent in the year 2004, declining one percent each year to the ultimate rate of five percent by the year 2009 and remaining at that level thereafter. The assumed health care cost trend rate used in measuring the 2003 accumulated postretirement benefit obligation was nine percent in the year 2004, declining one percent each year to the ultimate rate of five percent by the year 2008 and remaining at that level thereafter.

     A one-percentage-point increase in the assumed health care cost trend rate for each year would increase the accumulated postretirement benefit obligation at December 31, 2004 by approximately $2.1 million and the total of service and interest cost components by approximately $190,000. A one-percentage-point decrease in the assumed health care cost trend rate for each year would decrease the accumulated postretirement benefit obligation at December 31, 2004 by approximately $1.9 million and the total of service and interest cost components by approximately $169,000. See Recent Accounting Pronouncements below for a discussion of Financial Accounting Standards Board (FASB) Staff Position (FSP) FAS 106-2 related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003.

     The weighted average discount rates used to determine benefit obligations at December 31, 2004 and 2003 were 5.75 percent and 6.25 percent, respectively. The weighted average discount rates used to determine net periodic benefit cost for the years ended December 31, 2004 and 2003 were 6.25 percent and 6.75 percent, respectively. The expected return on plans assets used to determine net periodic benefit cost for the years ended December 31, 2004 and 2003 were both 3.75 percent.

*Stock-based compensation*  As permitted by SFAS No. 123, Accounting for Stock-Based Compensation, and SFAS No. 148, Accounting for Stock-Based Compensation-Transition and Disclosure, Viad uses the intrinsic value method prescribed by Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations in accounting for its stock-based compensation plans. Accordingly, Viad does not use the fair value method to value stock options in accordance with SFAS No. 123. See Note 1 of notes to consolidated financial statements for the pro forma impact of stock-based awards using the fair value method of accounting.

*Income taxes * Viad is required to estimate and record provisions for income taxes in each of the jurisdictions in which the Company operates. Accordingly, the Company must estimate its actual current income tax liability, and assess temporary differences arising from the treatment of items for tax purposes as compared to the treatment for accounting purposes. These differences result in deferred tax assets and liabilities which are included in Viads consolidated balance sheets. The Company must assess the likelihood that deferred tax assets will be recovered from future taxable income and to the extent that recovery is not likely, a valuation allowance must be established. As of December 31, 2004 and 2003, Viad had gross deferred tax assets of $84.3 million and $106.1 million, respectively. Viad does not have a valuation allowance related to deferred tax assets as management believes that recovery from future taxable income is likely.

     Viad is subject to regular and recurring audits by the taxing authorities in the jurisdictions in which the Company conducts or had previously conducted significant operations. Accordingly, the Company maintains reserves associated with various federal, state and foreign tax audit exposures that may arise in connection with such audits. As of December 31, 2004, Viad had $42.7 million accrued for these exposures. If the reserves are less than amounts ultimately assessed by the taxing authorities, Viad must record additional income tax expense in the period in which the assessment is determined. To the extent that the Company has favorable settlements, or determines that reserves are no longer needed, such reserves are reversed as a reduction of income tax expense, or in some cases through discontinued operations, in the period such determination is made. Viads policy is to retain amounts accrued for tax audit exposures until final resolution with the appropriate taxing authority. Based on tax audits in process and other factors, management currently estimates that tax issues of approximately $8.0 million could potentially be resolved or settled during 2005 resulting in a decrease of accrued taxes payable. To the extent these tax resolutions or settlements occur, they would result in cash payments and/or the reversal of accrued taxes payable which may include amounts related to previously discontinued operations.

**Recent Accounting Pronouncements:**

     In May 2004, the FASB issued FSP FAS 106-2 on the accounting for the effects of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act), which was enacted into law on December 8, 2003, and which provides a federal subsidy to employers that sponsor postretirement health care plans that provide certain prescription drug benefits to the extent such benefits are deemed actuarially equivalent to Medicare Part D. The Company made a one-time election, under the previously issued FSP FAS 106-1, to defer recognition of the effects of the Act until further authoritative

21

##### [Table of Contents](#tocpage)

guidance was issued. With FSP FAS 106-2, which superceded FSP FAS 106-1, guidance was provided in accounting for the subsidy, effective for the first reporting period beginning after June 15, 2004. The Company adopted FSP FAS 106-2 on July 1, 2004 using the prospective method. Refer to Note 13 of notes to consolidated financial statements for the effects of the Act on Viads financial position and results of operations. In January 2005, final regulations were released by the Centers for Medicare and Medicaid Services in determining the medical prescription drug benefit and other key elements of the Act, including actuarial equivalence. The Company has not yet determined if these additional regulations will have a significant impact on Viads financial position or results of operations.

     In November 2004, the FASB issued SFAS No. 151, Inventory Costs (an amendment of Accounting Research Bulletin No. 43, Chapter 4). SFAS No. 151 seeks to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage) in the determination of inventory carrying costs. The statement requires such costs to be treated as a current period expense and is effective for fiscal years beginning after July 15, 2005. The Company has not yet determined if the adoption of SFAS No. 151 will have a significant impact on Viads financial position or results of operations.

     In December 2004, the FASB issued SFAS No. 123 (revised 2004), Share-Based Payment. SFAS No. 123R replaced SFAS No. 123 and superceded APB Opinion No. 25. SFAS No. 123R will require compensation costs related to share-based payment transactions to be recognized in the financial statements. As permitted by SFAS No. 123, Viad elected to follow the guidance of APB Opinion No. 25, which allowed companies to use the intrinsic value method of accounting to value their share-based payment transactions with employees. Based on this method, Viad has not recognized compensation expense in its financial statements as the stock options granted had an exercise price equal to the fair market value of the underlying common stock on the date of grant. SFAS No. 123R requires measurement of the cost of share-based payment transactions to employees at the fair value of the award on the grant date and recognition of expense over the service or vesting period. Viad will adopt the provisions of SFAS No. 123R on July 1, 2005 using the modified prospective method, under which compensation expense for the unvested portion of previously granted awards and all new awards will be recognized in the financial statements over the service period. Management believes the adoption of SFAS No. 123R may have a material impact on its results of operations; however, the Company has not yet completed its evaluation of SFAS No. 123R, and has therefore not quantified the financial impact upon adoption.

     In December 2004, the FASB issued FSP FAS 109-1 related to the application of SFAS No. 109, Accounting for Income Taxes, to the tax deduction on qualified production activities provided by the American Jobs Creation Act of 2004 (the Jobs Creation Act). FSP FAS 109-1 clarifies that the manufacturers deduction provided for under the Jobs Creation Act should be accounted for as a special deduction in accordance with SFAS No. 109 and not as a tax rate reduction. The adoption of FSP FAS 109-1 is not expected to have a material impact on Viads financial position or results of operations in 2005.

     In December 2004, the FASB also issued FSP FAS 109-2 related to accounting and disclosure guidance for the foreign earnings repatriation provision within the Jobs Creation Act. The Jobs Creation Act introduces a special one-time dividend-received deduction on the repatriation of certain foreign earnings to a U.S. taxpayer provided certain criteria are met. Currently, management has not yet determined the amount of foreign earnings, if any, to be repatriated by Viad. See Note 12 of notes to consolidated financial statements for additional disclosures in accordance with FSP FAS 109-2.

**Forward-Looking Statements:**

     As provided by the safe harbor provision under the Private Securities Litigation Reform Act of 1995, Viad cautions readers that, in addition to historical information contained herein, this Annual Report includes certain information, assumptions and discussions that may constitute forward-looking statements. These forward-looking statements are not historical facts, but reflect current estimates, projections, expectations, or trends concerning future growth, operating cash flows, availability of short-term borrowings, consumer demand, new business, investment policies, productivity improvements, ongoing cost reduction efforts, efficiency, competitiveness, tax rates and other tax matters, and the realization of restructuring cost savings. Actual results could differ materially from those projected in the forward-looking statements. Viads businesses can be affected by a host of risks and uncertainties. Among other things natural disasters, gains and losses of customers, consumer demand patterns, labor relations, purchasing decisions related to customer demand for convention and event services, existing and new competition, industry alliances, consolidation, and growth patterns within the industries in which Viad competes and any deterioration in the economy may individually or in combination impact future results. In addition to factors mentioned elsewhere, economic, competitive, governmental, technological, capital marketplace and other factors, including further terrorist activities or war, could affect the forward-looking statements in this Annual Report.

22

##### [Table of Contents](#tocpage)

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk.**

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

     Viad is exposed to short-term interest rate risk on certain of its debt obligations. Viad currently does not use derivative financial instruments to hedge cash flows for such obligations. As of December 31, 2004, Viad had variable rate debt outstanding of $12.2 million under its revolving credit agreement. Interest payments are indexed to the London Interbank Offering Rate. See Note 7 of notes to consolidated financial statements.

     Viad is exposed to foreign exchange risk as it has certain transactions, receivables and payables denominated in foreign currencies. From time to time, Viad utilizes forward contracts to reduce the impact on earnings due to its exposure to fluctuations in foreign exchange rates. The effect of changes in foreign exchange rates, net of the effect of the related forward contracts, has historically been immaterial to Viad's results of operations. As of December 31, 2004, Viad had aggregate contracts to sell $5.0 million (notional amount) in exchange for Canadian dollars at an average contract rate of 1.31. Furthermore, the fair value of Viads forward exchange contracts was $456,000 and is included in the consolidated balance sheet under the caption Other current assets. See Note 1 of notes to consolidated financial statements.

     One of Viads travel and recreation subsidiaries has certain exposure to changing fuel prices. Periodically, the subsidiary enters into futures contracts with an oil company to purchase two types of fuel and specifies the monthly total volume, by fuel product, to be purchased over the agreed upon term of the contract, which is generally no longer than one year. The main objective of Viads risk policy is to reduce transaction exposure in order to mitigate the cash flow risk and protect profit margins.

**Item 8. Financial Statements and Supplementary Data.**

     Refer to Index to Financial Statements on page 29 for required information.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.**

     None.

**Item 9A. Controls and Procedures.**

     Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer of Viad, the effectiveness of the design and operation of disclosure controls and procedures has been evaluated as of December 31, 2004, and, based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective as of December 31, 2004. Disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the SECs rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in such reports is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow for timely decisions regarding required disclosure.

     There were no changes in the Companys internal control over financial reporting that occurred during the fourth quarter of 2004 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

     Managements report on internal control over financial reporting and the attestation report of Viads independent registered public accounting firm, Deloitte & Touche llp, are provided in this Annual Report immediately prior to the Index to Financial Statements.

**Item 9B. Other Information.**

     None.

23

##### [Table of Contents](#tocpage)

**PART III**

**Item 10. Directors and Executive Officers of the Registrant.**

     Information regarding Directors of Viad, director nomination procedures, the Audit Committee of Viads Board of Directors and compliance with Section 16(a) of the Securities Exchange Act of 1935 are included in the Proxy Statement for the Annual Meeting of Stockholders of Viad to be held on May 17, 2005, and are incorporated herein by reference. Information regarding executive officers of Viad is located in Part I, Executive Officers of Registrant at page 7 of this Annual Report.

     Viad has adopted a Code of Ethics for all directors, officers and employees of the Company and its subsidiaries. A copy of the Companys Code of Ethics is available at Viads website at *www.viad.com* and is also available without charge to any stockholder upon request by writing to: Viad Corp, 1850 North Central Avenue, Suite 800, Phoenix, Arizona 85004-4545, Attention: Vice President-General Counsel and Secretary.

**Item 11. Executive Compensation.**

     Information regarding executive compensation is contained in the Proxy Statement for the Annual Meeting of Stockholders of Viad to be held on May 17, 2005, and is incorporated herein by reference.

**Item 12. Security Ownership of Certain Beneficial Owners and Management.**

     Information regarding security ownership of certain beneficial owners and management and information regarding securities authorized for issuance under equity compensation plans are contained in the Proxy Statement for the Annual Meeting of Stockholders of Viad to be held on May 17, 2005, and is incorporated herein by reference.

**Item 13. Certain Relationships and Related Transactions.**

     Information regarding certain relationships and related transactions is contained in the Proxy Statement for the Annual Meeting of Stockholders of Viad to be held on May 17, 2005, and is incorporated herein by reference.

**Item 14. Principal Accounting Fees and Services.**

     Information regarding principal accounting fees and services and the pre-approval policies and procedures for such fees and services, as adopted by the Audit Committee of Viads Board of Directors, is contained in the Proxy Statement for the Annual Meeting of Stockholders of Viad to be held on May 17, 2005, and is incorporated herein by reference.

24

##### [Table of Contents](#tocpage)

**PART IV**

**Item 15. Exhibits, Financial Statement Schedules.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
| (a) |  | 1. |  | The financial statements listed in the accompanying Index to Financial Statements are filed as part of this Annual Report. |
|  |  |  |  |  |
|  |  | 2. |  | The exhibits listed in the accompanying Exhibit Index are filed as part of this Annual Report. |
|  |  |  |  |  |
| (b) |  | Exhibits | | |
|  |  |  |  |  |
|  |  | See Exhibit Index. | | |
|  |  |  |  |  |
| (c) |  | Financial Statement Schedules | | |
|  |  |  |  |  |
|  |  | Schedule II  Valuation and Qualifying Accounts. | | |
|  |  |  |  |  |

25

##### [Table of Contents](#tocpage)

**SIGNATURES**

     Pursuant to the requirements of Section 13 or 15(b) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized, in Phoenix, Arizona, on the 14th day of March, 2005.

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

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
|  |  | Principal Executive Officer | |  |  |  |
|  |  |  |  |  |  |  |
| Date: March 14, 2005 | By: | /s/ Robert H. Bohannon | |  |  | |
|  |  | Robert H. Bohannon | |  |  | |
|  |  | Director; Chairman of the Board, President and Chief Executive Officer | |  |  | |
|  |  |  |  |  |  |  |
|  |  | Principal Financial Officer | |  | | |
|  |  |  |  |  |  |  |
| Date: March 14, 2005 | By: | /s/ Ellen M. Ingersoll | |  |  | |
|  |  | Ellen M. Ingersoll | |  |  | |
|  |  | Chief Financial Officer | |  |  | |
|  |  |  |  |  |  |  |
|  |  | Principal Accounting Officer | |  | | |
|  |  |  |  |  |  |  |
| Date: March 14, 2005 | By: | /s/ G. Michael Latta | |  |  | |
|  |  | G. Michael Latta | |  |  | |
|  |  | Vice President-Controller | |  |  | |
|  |  |  |  |  |  |  |
|  |  | Directors | |  | | |
|  |  |  |  |  |  |  |
|  |  | Wayne G. Allcott | |  | | |
|  |  | Jess Hay | |  | | |
|  |  | Judith K. Hofer | |  | | |
|  |  | Robert E. Munzenrider | |  | | |
|  |  | Albert M. Teplin | |  | | |
|  |  |  |  |  |  |  |
| Date: March 14, 2005 | By: | /s/ Ellen M. Ingersoll | |  |  | |
|  |  | Ellen M. Ingersoll | |  |  | |
|  |  | Attorney-in-Fact | |  |  | |

26

##### [Table of Contents](#tocpage)

Managements report on internal control over financial reporting

      The management of Viad Corp is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, the companys principal executive and principal financial officers and effected by the companys board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that:

|  |  |  |
| --- | --- | --- |
|  |  | Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company; |

|  |  |  |
| --- | --- | --- |
|  |  | Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and |

|  |  |  |
| --- | --- | --- |
|  |  | Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the companys assets that could have a material effect on the financial statements. |

     Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of the inherent limitations of internal control, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

     Management assessed the effectiveness of Viads internal control over financial reporting as of December 31, 2004. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework.

     Based on our assessment, management concluded that, as of December 31, 2004, Viads internal control over financial reporting is effective based on those criteria.

     Viads independent registered public accounting firm, Deloitte & Touche llp, has issued an audit report on our assessment of Viads internal control over financial reporting, which appears on page 28 of this Annual Report.

27

##### [Table of Contents](#tocpage)

report of independent registered public accounting firm

Board of Directors and Stockholders  
Viad Corp  
Phoenix, Arizona

     We have audited managements assessment, included in the accompanying Managements Report on Internal Control Over Financial Reporting, that Viad Corp and subsidiaries (the Company) maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal ControlIntegrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Companys management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on managements assessment and an opinion on the effectiveness of the Companys internal control over financial reporting based on our audit.

     We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating managements assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

     A companys internal control over financial reporting is a process designed by, or under the supervision of, the companys principal executive and principal financial officers, or persons performing similar functions, and effected by the companys board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. A companys internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the companys assets that could have a material effect on the financial statements.

     Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

     In our opinion, managements assessment that the Company maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on the criteria established in Internal ControlIntegrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on the criteria established in Internal ControlIntegrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

     We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2004 of the Company and our report dated March 14, 2005 expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ DELOITTE & TOUCHE llp  
Deloitte & Touche llp

Phoenix, Arizona  
March 14, 2005

28

**INDEX TO FINANCIAL STATEMENTS**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  |  |
|  |  | Page |  |
| [Consolidated Balance Sheets  December 31, 2004 and 2003](#124) |  | F-1 |  |
| [Consolidated Statements of Operations  Years ended December 31, 2004, 2003 and 2002](#125) |  | F-2 |  |
| [Consolidated Statements of Comprehensive Income  Years ended December 31, 2004, 2003 and 2002](#126) |  | F-3 |  |
| [Consolidated Statements of Cash Flows  Years ended December 31, 2004, 2003 and 2002](#127) |  | F-4 |  |
| [Consolidated Statements of Common Stock and Other Equity  Years ended December 31, 2004, 2003 and 2002](#128) |  | F-5 |  |
| [Notes to Consolidated Financial Statements](#129) |  | F-6 |  |
| [Report of Independent Registered Public Accounting Firm](#130) |  | F-29 |  |
| [Schedule II  Valuation and Qualifying Accounts](#131) |  | F-30 |  |
| [Exhibit 4.B2](#p70324exv4wb2.txt) | | | |
| [Exhibit 4.B3](#p70324exv4wb3.txt) | | | |
| [Exhibit 10.B](#p70324exv10wb.txt) | | | |
| [Exhibit 10.D](#p70324exv10wd.txt) | | | |
| [Exhibit 10.J4](#p70324exv10wj4.txt) | | | |
| [Exhibit 10.N1](#p70324exv10wn1.txt) | | | |
| [Exhibit 10.N2](#p70324exv10wn2.txt) | | | |
| [Exhibit 21](#p70324exv21.htm) | | | |
| [Exhibit 23](#p70324exv23.htm) | | | |
| [Exhibit 24](#p70324exv24.htm) | | | |
| [Exhibit 31.1](#p70324exv31w1.htm) | | | |
| [Exhibit 31.2](#p70324exv31w2.htm) | | | |
| [Exhibit 32.1](#p70324exv32w1.htm) | | | |
| [Exhibit 32.2](#p70324exv32w2.htm) | | | |

29

##### [Table of Contents](#tocpage)

**VIAD CORP**

**CONSOLIDATED BALANCE SHEETS**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |
|  |  | **December 31,** | | | | | |  |
|  |  | **2004** | |  |  | **2003(1)** | |  |
| **Assets** |  | **(in thousands, except share data)** | | | | | |  |
| Current assets: |  |  |  |  |  |  |  |  |
| Cash and cash equivalents |  | $ | 115,050 |  |  | $ | 61,286 |  |
| Accounts receivable, net of allowance for doubtful accounts of $2,226 and $2,555, respectively |  |  | 47,246 |  |  |  | 35,141 |  |
| Receivable from MoneyGram (Notes 1 and 17) |  |  | 4,057 |  |  |  |  |  |
| Inventories |  |  | 36,392 |  |  |  | 35,768 |  |
| Deferred income taxes |  |  | 24,598 |  |  |  | 19,493 |  |
| Other current assets |  |  | 11,139 |  |  |  | 11,934 |  |
|  |  |  | |  |  |  | |  |
| Total current assets |  |  | 238,482 |  |  |  | 163,622 |  |
| Property and equipment, net |  |  | 152,512 |  |  |  | 155,580 |  |
| Other investments and assets |  |  | 28,115 |  |  |  | 25,273 |  |
| Deferred income taxes |  |  | 49,968 |  |  |  | 66,914 |  |
| Goodwill (Note 5) |  |  | 183,167 |  |  |  | 256,687 |  |
| Other intangible assets, net (Note 5) |  |  | 6,188 |  |  |  | 14,020 |  |
|  |  |  | |  |  |  | |  |
| **Total Assets** |  | $ | 658,432 |  |  | $ | 682,096 |  |
|  |  |  | |  |  |  | |  |
| **Liabilities and Stockholders Equity** |  |  |  |  |  |  |  |  |
| Current liabilities: |  |  |  |  |  |  |  |  |
| Accounts payable |  | $ | 36,413 |  |  | $ | 27,075 |  |
| Other current liabilities |  |  | 126,229 |  |  |  | 137,107 |  |
| Current portion of long-term debt and capital lease obligations |  |  | 4,056 |  |  |  | 3,515 |  |
|  |  |  | |  |  |  | |  |
| Total current liabilities |  |  | 166,698 |  |  |  | 167,697 |  |
| Long-term debt and capital lease obligations |  |  | 16,998 |  |  |  | 46,577 |  |
| Pension and other postretirement benefits |  |  | 26,839 |  |  |  | 24,496 |  |
| Other deferred items and insurance liabilities |  |  | 97,289 |  |  |  | 106,208 |  |
| Commitments and contingencies (Notes 15 and 16) |  |  |  |  |  |  |  |  |
| Minority interests |  |  | 4,103 |  |  |  | 3,247 |  |
| Common stock and other equity: |  |  |  |  |  |  |  |  |
| Net investment of MoneyGram (Notes 1, 7 and 17) |  |  |  |  |  |  | 329,912 |  |
| Common stock, $1.50 par value, 200,000,000 shares authorized, 24,934,981 shares issued |  |  | 37,402 |  |  |  |  |  |
| Additional capital |  |  | 676,877 |  |  |  |  |  |
| Retained deficit |  |  | (74,435 | ) |  |  |  |  |
| Unearned employee benefits and other |  |  | (21,601 | ) |  |  |  |  |
| Accumulated other comprehensive income (loss): |  |  |  |  |  |  |  |  |
| Unrealized gain on investments |  |  | 479 |  |  |  | 321 |  |
| Cumulative foreign currency translation adjustments |  |  | 19,831 |  |  |  | 7,851 |  |
| Minimum pension liability adjustment |  |  | (4,852 | ) |  |  | (4,213 | ) |
| Common stock in treasury, at cost, 2,794,763 shares |  |  | (287,196 | ) |  |  |  |  |
|  |  |  | |  |  |  | |  |
| Total common stock and other equity |  |  | 346,505 |  |  |  | 333,871 |  |
|  |  |  | |  |  |  | |  |
| **Total Liabilities and Stockholders Equity** |  | $ | 658,432 |  |  | $ | 682,096 |  |
|  |  |  | |  |  |  | |  |

See Notes to Consolidated Financial Statements.

|  |  |
| --- | --- |
|  | (1) Amounts derived from the audited combined financial statements of New Viad as of December 31, 2003. See Note 1. |

F-1

##### [Table of Contents](#tocpage)

**VIAD CORP**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Year ended December 31,** | | | | | | | | | |  |
|  |  | **2004** | |  |  | **2003(1)** | |  |  | **2002(1)** | |  |
|  |  | **(in thousands, except per share data)** | | | | | | | | | |  |
| **Revenues:** |  |  |  |  |  |  |  |  |  |  |  |  |
| Convention show services |  | $ | 535,527 |  |  | $ | 521,433 |  |  | $ | 568,301 |  |
| Exhibit design and construction |  |  | 182,670 |  |  |  | 195,832 |  |  |  | 217,932 |  |
| Travel and recreation services |  |  | 67,460 |  |  |  | 53,203 |  |  |  | 58,253 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Total revenues |  |  | 785,657 |  |  |  | 770,468 |  |  |  | 844,486 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Costs and expenses: |  |  |  |  |  |  |  |  |  |  |  |  |
| Costs of services |  |  | 541,735 |  |  |  | 525,266 |  |  |  | 574,940 |  |
| Costs of products sold |  |  | 190,541 |  |  |  | 193,986 |  |  |  | 215,144 |  |
| Corporate activities |  |  | 14,533 |  |  |  | 15,190 |  |  |  | 14,230 |  |
| Interest income |  |  | (1,225 | ) |  |  | (441 | ) |  |  | (1,004 | ) |
| Interest expense (recoveries) |  |  | 2,267 |  |  |  | (1,080 | ) |  |  | 4,056 |  |
| Restructuring charges (recoveries) |  |  | 1,240 |  |  |  | (5,015 | ) |  |  | 18,502 |  |
| Goodwill impairment loss |  |  | 80,408 |  |  |  |  |  |  |  |  |  |
| Intangible asset impairment loss |  |  | 8,291 |  |  |  |  |  |  |  |  |  |
| Minority interests |  |  | 850 |  |  |  | 110 |  |  |  | 384 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Total costs and expenses |  |  | 838,640 |  |  |  | 728,016 |  |  |  | 826,252 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Income (loss) before income taxes |  |  | (52,983 | ) |  |  | 42,452 |  |  |  | 18,234 |  |
| Income tax expense |  |  | 5,346 |  |  |  | 21,361 |  |  |  | 9,839 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Income (loss) from continuing operations |  |  | (58,329 | ) |  |  | 21,091 |  |  |  | 8,395 |  |
| Income from discontinued operations, net of tax |  |  | 2,327 |  |  |  |  |  |  |  |  |  |
| Change in accounting principle, net of tax |  |  |  |  |  |  |  |  |  |  | (37,739 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |
| **Net income (loss)** |  | $ | (56,002 | ) |  | $ | 21,091 |  |  | $ | (29,344 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |
| **Diluted income (loss) per common share** |  |  |  |  |  |  |  |  |  |  |  |  |
| Income (loss) from continuing operations |  | $ | (2.68 | ) |  | $ | 0.97 |  |  | $ | 0.39 |  |
| Income from discontinued operations, net of tax |  |  | 0.10 |  |  |  |  |  |  |  |  |  |
| Change in accounting principle, net of tax |  |  |  |  |  |  |  |  |  |  | (1.74 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |
| Net income (loss) per common share |  | $ | (2.58 | ) |  | $ | 0.97 |  |  | $ | (1.35 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |
| Average outstanding and potentially dilutive common shares |  |  | 21,741 |  |  |  | 21,654 |  |  |  | 21,679 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| **Basic income (loss) per common share** |  |  |  |  |  |  |  |  |  |  |  |  |
| Income (loss) from continuing operations |  | $ | (2.68 | ) |  | $ | 0.98 |  |  | $ | 0.39 |  |
| Income from discontinued operations, net of tax |  |  | 0.10 |  |  |  |  |  |  |  |  |  |
| Change in accounting principle, net of tax |  |  |  |  |  |  |  |  |  |  | (1.75 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |
| Net income (loss) per common share |  | $ | (2.58 | ) |  | $ | 0.98 |  |  | $ | (1.36 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |
| Average outstanding common shares |  |  | 21,741 |  |  |  | 21,555 |  |  |  | 21,544 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Dividends declared per common share |  | $ | 0.08 |  |  | $ |  |  |  | $ |  |  |
|  |  |  | |  |  |  | |  |  |  | |  |

See Notes to Consolidated Financial Statements.

|  |  |
| --- | --- |
|  | (1) Amounts derived from the audited combined financial statements of New Viad. See Note 1. |

F-2

##### [Table of Contents](#tocpage)

**VIAD CORP**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Year ended December 31,** | | | | | | | | | |  |
|  |  | **2004** | |  |  | **2003(1)** | |  |  | **2002(1)** | |  |
|  |  | **(in thousands)** | | | | | | | | | |  |
| **Net income (loss)** |  | $ | (56,002 | ) |  | $ | 21,091 |  |  | $ | (29,344 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |
| Other comprehensive income (loss): |  |  |  |  |  |  |  |  |  |  |  |  |
| Unrealized gains on investments: |  |  |  |  |  |  |  |  |  |  |  |  |
| Holding gains (losses) arising during the period, net of tax expense (benefit) of $101, $78 and $(150) |  |  | 158 |  |  |  | 122 |  |  |  | (234 | ) |
| Unrealized foreign currency translation gains |  |  | 11,980 |  |  |  | 19,195 |  |  |  | 1,992 |  |
| Minimum pension liability adjustment, net of tax benefit of $409, $130 and $1,921 |  |  | (639 | ) |  |  | (242 | ) |  |  | (3,568 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |
| Other comprehensive income (loss) |  |  | 11,499 |  |  |  | 19,075 |  |  |  | (1,810 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |
| Comprehensive income (loss) |  | $ | (44,503 | ) |  | $ | 40,166 |  |  | $ | (31,154 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |

See Notes to Consolidated Financial Statements.

|  |  |
| --- | --- |
|  | (1) Amounts derived from the audited combined financial statements of New Viad. See Note 1. |

F-3

##### [Table of Contents](#tocpage)

**VIAD CORP**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Year ended December 31,** | | | | | | | | | |  |
|  |  | **2004** | |  |  | **2003(1)** | |  |  | **2002(1)** | |  |
|  |  | **(in thousands)** | | | | | | | | | |  |
| **Cash flows from operating activities** |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income (loss) |  | $ | (56,002 | ) |  | $ | 21,091 |  |  | $ | (29,344 | ) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: |  |  |  |  |  |  |  |  |  |  |  |  |
| Depreciation and amortization |  |  | 23,370 |  |  |  | 22,501 |  |  |  | 24,793 |  |
| Deferred income taxes |  |  | 1,745 |  |  |  | 20,813 |  |  |  | (4,969 | ) |
| Income from discontinued operations |  |  | (2,327 | ) |  |  |  |  |  |  |  |  |
| Change in accounting principle |  |  |  |  |  |  |  |  |  |  | 40,000 |  |
| Restructuring charges (recoveries) |  |  | 1,240 |  |  |  | (5,015 | ) |  |  | 18,502 |  |
| Goodwill and intangible asset impairment losses |  |  | 88,699 |  |  |  |  |  |  |  |  |  |
| Gains on dispositions of property and other assets |  |  | (631 | ) |  |  | (905 | ) |  |  | (1,539 | ) |
| Other noncash items, net |  |  | 12,504 |  |  |  | 12,373 |  |  |  | 12,226 |  |
| Change in operating assets and liabilities: |  |  |  |  |  |  |  |  |  |  |  |  |
| Receivables |  |  | (17,202 | ) |  |  | 519 |  |  |  | 11,895 |  |
| Inventories |  |  | (624 | ) |  |  | 6,071 |  |  |  | 10,982 |  |
| Accounts payable |  |  | 9,338 |  |  |  | (8,271 | ) |  |  | (15,382 | ) |
| Restructuring liability (cash payments) |  |  | (7,894 | ) |  |  | (9,357 | ) |  |  | (14,717 | ) |
| Other assets and liabilities, net |  |  | (16,570 | ) |  |  | (39,119 | ) |  |  | 10,996 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Net cash provided by operating activities |  |  | 35,646 |  |  |  | 20,701 |  |  |  | 63,443 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| **Cash flows from investing activities** |  |  |  |  |  |  |  |  |  |  |  |  |
| Capital expenditures |  |  | (15,374 | ) |  |  | (15,535 | ) |  |  | (13,385 | ) |
| Acquisitions of businesses, net of cash acquired |  |  | (2,711 | ) |  |  |  |  |  |  |  |  |
| Proceeds from dispositions of property and other assets |  |  | 2,594 |  |  |  | 1,352 |  |  |  | 2,899 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Net cash used in investing activities |  |  | (15,491 | ) |  |  | (14,183 | ) |  |  | (10,486 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |
| **Cash flows from financing activities** |  |  |  |  |  |  |  |  |  |  |  |  |
| Payments on debt and capital lease obligations |  |  | (3,426 | ) |  |  | (16,722 | ) |  |  | (7,382 | ) |
| Dividends paid on common stock |  |  | (871 | ) |  |  |  |  |  |  |  |  |
| Net distributions from (to) MoneyGram |  |  | 35,560 |  |  |  | 27,542 |  |  |  | (36,123 | ) |
| Proceeds from exercise of stock options |  |  | 1,373 |  |  |  |  |  |  |  |  |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Net cash provided by (used in) financing activities |  |  | 32,636 |  |  |  | 10,820 |  |  |  | (43,505 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |
| Effect of exchange rate changes on cash and cash equivalents |  |  | 973 |  |  |  | 3,801 |  |  |  | 9 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Net increase in cash and cash equivalents |  |  | 53,764 |  |  |  | 21,139 |  |  |  | 9,461 |  |
| Cash and cash equivalents, beginning of year |  |  | 61,286 |  |  |  | 40,147 |  |  |  | 30,686 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| **Cash and cash equivalents, end of year** |  | $ | 115,050 |  |  | $ | 61,286 |  |  | $ | 40,147 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| **Supplemental disclosure of cash flow information** |  |  |  |  |  |  |  |  |  |  |  |  |
| Cash paid during the year for: |  |  |  |  |  |  |  |  |  |  |  |  |
| Income taxes |  | $ | 8,953 |  |  | $ | 21,524 |  |  | $ | 9,580 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Interest |  | $ | 2,531 |  |  | $ | 2,882 |  |  | $ | 3,074 |  |
|  |  |  | |  |  |  | |  |  |  | |  |

See Notes to Consolidated Financial Statements.

|  |  |
| --- | --- |
|  | (1) Amounts derived from the audited combined financial statements of New Viad. See Note 1. |

F-4

##### [Table of Contents](#tocpage)

**VIAD CORP**

**CONSOLIDATED STATEMENTS OF COMMON STOCK AND OTHER EQUITY**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Unearned** | |  |  | **Accumulated** | |  |  |  | |  |  |  | |  |
|  |  | **Net** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **Employee** | |  |  | **Other** | |  |  | **Common** | |  |  |  | |  |
|  |  | **Investment** | |  |  | **Common** | |  |  | **Additional** | |  |  | **Retained** | |  |  | **Benefits** | |  |  | **Comprehensive** | |  |  | **Stock in** | |  |  |  | |  |
|  |  | **of MoneyGram** | |  |  | **Stock** | |  |  | **Capital** | |  |  | **Deficit** | |  |  | **and Other** | |  |  | **Income (Loss)** | |  |  | **Treasury** | |  |  | **Total** | |  |
|  | **(in thousands)** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Balance, January 1, 2002 (1)** |  | $ | 346,746 |  |  | $ |  |  |  | $ |  |  |  | $ |  |  |  | $ |  |  |  | $ | (13,306 | ) |  | $ |  |  |  | $ | 333,440 |  |
| Net loss |  |  | (29,344 | ) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (29,344 | ) |
| Net distributions to MoneyGram |  |  | (36,123 | ) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (36,123 | ) |
| Unrealized foreign currency translation adjustment |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 1,992 |  |  |  |  |  |  |  | 1,992 |  |
| Unrealized loss on investments |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (234 | ) |  |  |  |  |  |  | (234 | ) |
| Minimum pension liability adjustment |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (3,568 | ) |  |  |  |  |  |  | (3,568 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| **Balance, December 31, 2002 (1)** |  |  | 281,279 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (15,116 | ) |  |  |  |  |  |  | 266,163 |  |
| Net income |  |  | 21,091 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 21,091 |  |
| Net distributions from MoneyGram |  |  | 27,542 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 27,542 |  |
| Unrealized foreign currency translation adjustment |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 19,195 |  |  |  |  |  |  |  | 19,195 |  |
| Unrealized gain on investments |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 122 |  |  |  |  |  |  |  | 122 |  |
| Minimum pension liability adjustment |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (242 | ) |  |  |  |  |  |  | (242 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| **Balance, December 31, 2003 (1)** |  |  | 329,912 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 3,959 |  |  |  |  |  |  |  | 333,871 |  |
| Net income prior to spin-off on June 30, 2004 |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 16,741 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 16,741 |  |
| Net distributions from MoneyGram |  |  | 35,560 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 35,560 |  |
| Noncash reduction in allocated debt (Note 7) |  |  | 25,612 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 25,612 |  |
| Other spin-off related adjustments, net |  |  | (3,133 | ) |  |  |  |  |  |  | (2,147 | ) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (5,280 | ) |
| Recapitalization of Viad Corp |  |  | (387,951 | ) |  |  | 37,402 |  |  |  | 676,251 |  |  |  | (16,741 | ) |  |  | (21,186 | ) |  |  |  |  |  |  | (287,775 | ) |  |  |  |  |
| Net loss after spin-off on June 30, 2004 |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (72,743 | ) |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (72,743 | ) |
| Dividends on common stock |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (1,742 | ) |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (1,742 | ) |
| Employee benefit plans |  |  |  |  |  |  |  |  |  |  | 2,063 |  |  |  |  |  |  |  | 295 |  |  |  |  |  |  |  | 579 |  |  |  | 2,937 |  |
| Employee Equity Trust adjustment to market value |  |  |  |  |  |  |  |  |  |  | 710 |  |  |  |  |  |  |  | (710 | ) |  |  |  |  |  |  |  |  |  |  |  |  |
| Unrealized foreign currency translation adjustment |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 11,980 |  |  |  |  |  |  |  | 11,980 |  |
| Unrealized gain on investments |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 158 |  |  |  |  |  |  |  | 158 |  |
| Minimum pension liability adjustment |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (639 | ) |  |  |  |  |  |  | (639 | ) |
| Other, net |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 50 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | 50 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| **Balance, December 31, 2004** |  | $ |  |  |  | $ | 37,402 |  |  | $ | 676,877 |  |  | $ | (74,435 | ) |  | $ | (21,601 | ) |  | $ | 15,458 |  |  | $ | (287,196 | ) |  | $ | 346,505 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |

See Notes to Consolidated Financial Statements.

|  |  |
| --- | --- |
|  | (1) Amounts derived from the audited combined financial statements of New Viad. See Note 1. |

F-5

##### [Table of Contents](#tocpage)

**VIAD CORP**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002**

**Note 1  Summary of Significant Accounting Policies**

***Spin-off of MoneyGram International, Inc.***

     On June 30, 2004, Viad Corp (Viad or the Company) separated its payment services business from its other businesses by means of a tax-free spin-off. To effect the separation, Travelers Express Company, Inc. became a subsidiary of MoneyGram International, Inc. (MoneyGram), a newly-formed, wholly-owned subsidiary of Viad, and Viad distributed all of the shares of MoneyGram common stock as a dividend on Viad common stock on the date of the spin-off. Certain members of Viads Board of Directors are also Directors of MoneyGram. The continuing business of Viad is comprised of the businesses of convention show services, exhibit design and construction and travel and recreation services operations, as well as Viads centralized corporate functions located in Phoenix, Arizona.

     Due to the relative significance of MoneyGram as compared to the remaining businesses of Viad, the transaction was accounted for as a reverse spin-off in accordance with Emerging Issues Task Force (EITF) Issue No. 02-11, Accounting for Reverse Spin-offs. Accordingly, MoneyGram was considered the divesting entity for accounting purposes and is the accounting successor to Viad with respect to the historical consolidated financial statements of Viad prior to the spin-off. Conversely, the remaining combined businesses of Viad (excluding MoneyGram) represent the entity which was spun-off from MoneyGram International (accounting successor to Viad Corp).

     In connection with the completion of the spin-off, Viad provided notice of redemption to the holders of the Companys $4.75 mandatorily redeemable preferred stock for which the Company irrevocably deposited $24.0 million in a trust clearing account for the benefit of the holders of the preferred shares. The trust clearing account and the associated preferred stock redemption liability were included in the assets and liabilities of Viad following the spin-off. The related loss on redemption of the preferred stock was included in the financial statements of MoneyGram.

     At the time of the spin-off transaction, Viad recorded balance sheet adjustments of $3.1 million resulting in a net decrease to Net Investment of MoneyGram. These adjustments primarily related to Viads common stock dividend associated with pre-spin-off operations and restricted stock amortization. Subsequent to June 30, 2004, Viad recorded additional balance sheet adjustments related to the spin-off transaction which resulted in a net decrease of $2.1 million to Additional capital. These adjustments were included in the consolidated statements of common stock and other equity as Other spin-off related adjustments during 2004. Furthermore, all amounts of net income or loss generated prior to the spin-off were recorded as adjustments to Net investment of MoneyGram.

     In addition, at the annual Viad stockholders meeting in May 2004, Viads stockholders approved a one-for-four reverse stock split of the Companys common stock whereby, upon completion of the MoneyGram spin-off, every four shares of Viad common stock held on July 1, 2004, became one share of Viad common stock. The accompanying consolidated financial statements reflect the effects of the one-for-four reverse stock split for all periods presented.

***Basis of Presentation and Nature of Business***

     The consolidated financial statements include the accounts of Viad and all of its wholly-owned subsidiaries. All significant intercompany account balances and transactions between Viad and its subsidiaries have been eliminated in consolidation. In years prior to the spin-off, the Companys financial statements reflect the combined financial position, results of operations and cash flows of the convention and event services and travel and recreation services businesses, and centralized corporate functions of Viad, all of which were under common ownership and common management, as if it were a separate entity for all periods presented. The combined financial information for periods prior to the spin-off may not necessarily reflect the financial position, results of operations and cash flows of New Viad in the future or, had it operated as a separate, independent company, during the periods presented.

     As a result of the spin-off transaction, Viad redefined its reportable segments to reflect a disaggregated presentation of the former Convention and Event Services segment and the inclusion of Travel and Recreation Services as a reportable segment. Therefore, Viads reporting segments consist of the following:

F-6

##### [Table of Contents](#tocpage)

**VIAD CORP**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  (Continued)**

     GES  GES Exposition Services, Inc. (GES) and its affiliates provide exhibition and event services throughout North America consisting of: show planning and production; floor plan design and layout; decorating, graphics and signage, and furniture, carpet and fixture procurement and rental. These services are provided to a variety of show organizers, including venues, trade associations and show management companies. GESs customer base also includes exhibitors for which GES provides exhibit design, construction, refurbishment, storage and rental services, including related show services such as logistics and transportation; material handling, electrical, plumbing, rigging and cleaning, and exhibit installation and dismantling.

     Exhibitgroup  Exhibitgroup/Giltspur (Exhibitgroup) and its affiliates specialize in the custom design and construction of convention and trade show exhibits and displays, primarily for corporate customers in North America and to a lesser extent in Europe. Exhibitgroup offers exhibit design and construction and exhibit program management services for clients in varied industries that participate in trade shows, corporate and specialty events, road shows and other face-to-face marketing. Exhibitgroup also refurbishes and leases exhibits, designs and builds kiosks and permanent displays, and provides exhibit transportation, installation, dismantling and warehousing services.

     Travel and Recreation Services  The Travel and Recreation Services segment consists of Brewster Transport Company Limited (Brewster) and Glacier Park, Inc., and their related affiliates. Brewster provides tourism services in the Canadian Rockies in Alberta and in other parts of Western Canada. Brewsters operations include the Banff Gondola, Columbia Icefield Ice Explorer Tours, motorcoach services, charter and package tours and other sightseeing services, hotel operations and travel agencies. Glacier Park, Inc. operates four historic lodges and three motor inns and provides food and beverage operations, retail operations and tour and transportation services in and around Glacier National Park in Montana and Waterton Lakes National Park in Alberta, Canada.

***Significant Accounting Policies***

**Use of Estimates.** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. These estimates and assumptions include, but are not limited to:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Estimated fair value of Viads reporting units used to perform annual impairment testing of recorded goodwill; |  |
|  | | | |
|  |  | Estimated allowances for uncollectible accounts receivable; |  |
|  | | | |
|  |  | Estimated provisions for income taxes; |  |
|  | | | |
|  |  | Estimated provisions for losses related to self-insured liability claims; and |  |
|  | | | |
|  |  | Assumptions used to measure pension and postretirement benefit costs and obligations. |  |

Actual results could differ from these and other estimates.

**Reclassifications.** Certain reclassifications have been made to prior years financial statements to conform to the current year presentation.

**Cash and Cash Equivalents.** Viad considers all highly-liquid investments with remaining maturities when purchased of three months or less to be cash equivalents.

**Inventories.** Inventories, which consist primarily of exhibit design and construction materials and supplies used in providing convention show services, are stated at the lower of cost (first-in, first-out and specific identification methods) or market.

**Property and Equipment.** Property and equipment are stated at cost, net of accumulated depreciation and any impairment write-downs pursuant to Statement of Financial Accounting Standards (SFAS) No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. Property and equipment are depreciated on the straight-line method over the estimated useful lives of the assets: buildings, 15 to 40 years; equipment, three to ten years; and leasehold improvements, over the shorter of the lease term or useful life.

**Goodwill and Other Intangible Assets.** Goodwill is no longer amortized but instead is subject to periodic impairment testing in accordance with SFAS No. 142, Goodwill and Other Intangible Assets. See Note 5. Intangible assets with finite lives are stated at cost, net of accumulated amortization and are tested for impairment in accordance with SFAS No. 144. These assets are amortized on the straight-line method over the estimated useful lives or periods of expected benefit, but not in excess of 20 years. Intangible assets with indefinite lives are no longer amortized but instead are subject to periodic impairment testing in accordance with SFAS No. 142.

**Incentive and Other Upfront Payments.** Certain upfront payments incurred by GES and Exhibitgroup in connection with long-term contracts consist of incentive fees and prepaid commissions and are amortized over the life of the related contract. Incentive and other upfront payments are classified on the consolidated balance sheets under the caption, Other current assets for the current portion and Other investments and assets for the non-current portion.

F-7

##### [Table of Contents](#tocpage)

**VIAD CORP**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  (Continued)**

     Viad reviews the carrying values of its incentive and other upfront payments for possible impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable in accordance with the provisions of SFAS No. 144. Incentive and other upfront payments which become refundable are recorded as accounts receivable and evaluated for collectibility in accordance with Viads credit policies.

**Insurance Liabilities.** Viad is self-insured up to certain limits for workers compensation, automobile, product and general liability and property loss. Viad has also retained and provided for certain insurance liabilities in conjunction with the sales of businesses. Provisions for losses for claims incurred, including estimated claims incurred but not yet reported, are made based on Viads prior historical experience, claims frequency and other factors. Viad has purchased insurance for amounts in excess of the self-insured levels.

**Fair Value of Financial Instruments.** The carrying values of cash and cash equivalents, receivables and accounts payable approximate fair value due to the short-term maturities of these instruments. The estimated fair value of debt obligations is disclosed in Note 7. The fair value of derivative financial instruments is disclosed below under the caption, Derivative Financial Instruments. Certain judgments are required in interpreting market data and assumptions used to develop the estimates of fair value. Accordingly, the estimates presented may not be indicative of the amounts that Viad could realize in a current market exchange. The use of different market assumptions or valuation methodologies could have a material effect on the estimated fair value amounts.

**Foreign Currency Translation.** The local currency is the functional currency for the Companys foreign operations. Accordingly, unrealized translation gains or losses resulting from the translation of foreign denominated assets and liabilities into U.S. dollars are included as a component of accumulated other comprehensive income.

**Derivative Financial Instruments**. Periodically, one of Viads Canadian travel and recreation services subsidiaries utilizes forward contracts to mitigate the effects of foreign currency exchange rate fluctuations on certain foreign denominated revenue transactions. The term of the forward contracts is generally less than 12 months and is consistent with the anticipated timing of the related transactions. The Company does not use derivative financial instruments for trading or speculative purposes. The forward contracts are recorded on the consolidated balance sheets at fair value and are marked-to-market based on the quoted market prices of comparable contracts. The contracts are not designated as accounting hedges, and accordingly, the changes in the fair value (gains or losses) of the contracts are recorded directly to earnings. As of December 31, 2004, Viad had aggregate contracts to sell $5.0 million (notional amount) in exchange for Canadian dollars at an average contract rate of 1.31. Furthermore, the fair value of Viads forward exchange contracts was $456,000 and is included in the consolidated balance sheet under the caption Other current assets.

**Revenue Recognition.** Viads revenue recognition policies are as follows:

     GES and Exhibitgroup derive revenues primarily by providing show services to vendors at conventions and from the design, construction and refurbishment of exhibit booths. Service revenue is recognized at the time services are performed. Exhibit design and construction revenue is generally accounted for using the completed-contract method as contracts are typically completed within three months of contract signing.

     Viads Travel and Recreation Services businesses recognize revenues at the time services are performed.

**Stock-Based Compensation.** As permitted by SFAS No. 123, Accounting for Stock-Based Compensation, Viad uses the intrinsic value method prescribed by Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations in accounting for its stock-based compensation plans.

     Assuming Viad had recognized compensation cost for stock options and performance-based stock awards in accordance with the fair value method of accounting defined in SFAS No. 123, net income and diluted and basic income per share would be as presented in the table below. Compensation cost calculated under SFAS No. 123 is recognized ratably over the vesting period and is net of estimated forfeitures and tax effects.

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **2004** | |  |  | **2003** | |  |  | **2002** | |  |
|  |  | **(in thousands, except per share data)** | | | | | | | | | |  |
| Net income (loss), as reported |  | $ | (56,002 | ) |  | $ | 21,091 |  |  | $ | (29,344 | ) |
| Plus: stock-based employee compensation (benefit) expense recorded under APB Opinion No. 25, net of tax |  |  |  |  |  |  | (220 | ) |  |  | 126 |  |
| Less: stock-based employee compensation expense determined under the fair value method, net of tax |  |  | (2,029 | ) |  |  | (3,682 | ) |  |  | (5,405 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |
| Pro forma net income (loss) |  | $ | (58,031 | ) |  | $ | 17,189 |  |  | $ | (34,623 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |
| Diluted income (loss) per share: |  |  |  |  |  |  |  |  |  |  |  |  |
| As reported |  | $ | (2.58 | ) |  | $ | 0.97 |  |  | $ | (1.35 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |
| Pro forma |  | $ | (2.69 | ) |  | $ | 0.80 |  |  | $ | (1.61 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |
| Basic income (loss) per share: |  |  |  |  |  |  |  |  |  |  |  |  |
| As reported |  | $ | (2.58 | ) |  | $ | 0.98 |  |  | $ | (1.36 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |
| Pro forma |  | $ | (2.69 | ) |  | $ | 0.80 |  |  | $ | (1.62 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |

F-8

##### [Table of Contents](#tocpage)

**VIAD CORP**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  (Continued)**

     For purposes of applying SFAS No. 123, the estimated fair value of stock options granted during 2004, 2003 and 2002 was $7.33, $5.31 and $8.47 per share, respectively. The fair value of each stock option grant was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **2004** | |  |  | **2003** | |  |  | **2002** | |  |
| Expected dividend yield |  |  | 0.6 | % |  |  | 1.8 | % |  |  | 1.3 | % |
| Expected volatility |  |  | 28.5 | % |  |  | 30.4 | % |  |  | 30.1 | % |
| Risk-free interest rate |  |  | 3.16 | % |  |  | 2.66 | % |  |  | 4.92 | % |
| Expected life |  | 5 years | | |  | 5 years | | |  | 5 years | | |

**Income Per Common Share.** Viad funds its matching contributions to employees 401(k) accounts through a leveraged Employee Stock Ownership Plan (ESOP). ESOP shares are treated as outstanding for income per share calculations. The Company has also established an Employee Equity Trust (the Trust) used to fund certain existing employee compensation and benefit plans. Shares held by the Trust are not considered outstanding for income per share calculations until the shares are released from the Trust.

**Recent Accounting Pronouncements**. In May 2004, the Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) FAS 106-2 on the accounting for the effects of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act), which was enacted into law on December 8, 2003, and which provides a federal subsidy to employers that sponsor postretirement health care plans that provide certain prescription drug benefits to the extent such benefits are deemed actuarially equivalent to Medicare Part D. The Company made a one-time election, under the previously issued FSP FAS 106-1, to defer recognition of the effects of the Act until further authoritative guidance was issued. With FSP FAS 106-2, which superceded FSP FAS 106-1, specific guidance was provided in accounting for the subsidy, effective for the first reporting period beginning after June 15, 2004. The Company adopted FSP FAS 106-2 on July 1, 2004 using the prospective method. See Note 13 for the effects of the Act on Viads financial position and results of operations. In January 2005, final regulations were released by the Centers for Medicare and Medicaid Services in determining the medical prescription drug benefit and other key elements of the Act, including actuarial equivalence. The Company has not yet determined if these additional regulations will have a significant impact on Viads financial position or results of operations.

     In November 2004, the FASB issued SFAS No. 151, Inventory Costs (an amendment of Accounting Research Bulletin No. 43, Chapter 4). SFAS No. 151 seeks to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage) in the determination of inventory carrying costs. The statement requires such costs to be treated as a current period expense and is effective for fiscal years beginning after July 15, 2005. The Company has not yet determined if the adoption of SFAS No. 151 will have a significant impact on Viads financial position or results of operations.

     In December 2004, the FASB issued SFAS No. 123 (revised 2004), Share-Based Payment. SFAS No. 123R replaced SFAS No. 123 and superceded APB Opinion No. 25. SFAS No. 123R will require compensation costs related to share-based payment transactions to be recognized in the financial statements. As permitted by SFAS No. 123, Viad elected to follow the guidance of APB Opinion No. 25, which allowed companies to use the intrinsic value method of accounting to value their share-based payment transactions with employees. Based on this method, Viad has not recognized compensation expense in its financial statements as the stock options granted had an exercise price equal to the fair market value of the underlying common stock on the date of grant. SFAS No. 123R requires measurement of the cost of share-based payment transactions to employees at the fair value of the award on the grant date and recognition of expense over the service or vesting period. Viad will adopt the provisions of SFAS No. 123R on July 1, 2005 using the modified prospective method, under which compensation expense for the unvested portion of previously granted awards and all new awards will be recognized in the financial statements over the service period. Management believes the adoption of SFAS No. 123R may have a material impact on its results of operations. However, the Company has not yet completed its evaluation of SFAS No. 123R, and has therefore not quantified the financial impact upon adoption.

     In December 2004, the FASB issued FSP FAS 109-1 related to the application of SFAS No. 109, Accounting for Income Taxes, to the tax deduction on qualified production activities provided by the American Jobs Creation Act of 2004 (the Jobs Creation Act). FSP FAS 109-1 clarifies that the manufacturers deduction provided for under the Jobs Creation Act should be accounted for as a special deduction in accordance with SFAS No. 109 and not as a tax rate reduction. The Company is currently evaluating the effect that the manufacturers deduction will have in 2005 and subsequent years. The adoption of FSP FAS 109-1 is not expected to have a material impact on Viads financial position or results of operations in 2005.

     In December 2004, the FASB also issued FSP FAS 109-2 related to accounting and disclosure guidance for the foreign earnings repatriation provision within the Jobs Creation Act. The Jobs Creation Act introduces a special one-time dividend-received deduction on the repatriation of certain foreign earnings to a U.S. taxpayer provided certain criteria are met.

F-9

##### [Table of Contents](#tocpage)

**VIAD CORP**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  (Continued)**

Currently, management has not yet determined the amount of foreign earnings, if any, to be repatriated by Viad. See Note 12 for additional disclosures in accordance with FSP FAS 109-2.

**Note 2  Acquisition of Business**

     In May 2004, GES acquired a convention services contractor in Edmonton, Canada. The net purchase price of $2.7 million was allocated to the net tangible and identifiable intangible assets and liabilities acquired based on the estimated fair values at the date of acquisition. The amount paid in excess of the estimated fair values was recorded to goodwill. In connection with the transaction, GES recorded goodwill of $2.1 million, amortizable intangible assets of $904,000 and other net liabilities of $282,000 (including acquisition and assumed liabilities of $1.1 million). The amount of goodwill expected to be deductible for tax purposes is not significant. The accompanying consolidated financial statements include the accounts and results of operations of the acquired company from the date of acquisition. The results of operations of the acquired company from the beginning of the year to the date of acquisition were not significant to Viads consolidated results of operations.

**Note 3  Inventories**

     The components of inventories at December 31 were as follows:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |
|  |  | **2004** | |  |  | **2003** | |  |
|  |  | **(in thousands)** | | | | | |  |
| Raw materials |  | $ | 21,986 |  |  | $ | 22,440 |  |
| Work in process |  |  | 14,406 |  |  |  | 13,328 |  |
|  |  |  | |  |  |  | |  |
| Inventories |  | $ | 36,392 |  |  | $ | 35,768 |  |
|  |  |  | |  |  |  | |  |

**Note 4  Property and Equipment**

     Property and equipment at December 31 consisted of the following:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |
|  |  | **2004** | |  |  | **2003** | |  |
|  |  | **(in thousands)** | | | | | |  |
| Land |  | $ | 23,874 |  |  | $ | 22,565 |  |
| Buildings and leasehold improvements |  |  | 79,582 |  |  |  | 75,088 |  |
| Equipment and other |  |  | 252,876 |  |  |  | 251,946 |  |
|  |  |  | |  |  |  | |  |
|  |  |  | 356,332 |  |  |  | 349,599 |  |
| Accumulated depreciation |  |  | (203,820 | ) |  |  | (194,019 | ) |
|  |  |  | |  |  |  | |  |
| Property and equipment |  | $ | 152,512 |  |  | $ | 155,580 |  |
|  |  |  | |  |  |  | |  |

     Depreciation expense was $23.2 million, $22.4 million and $24.7 million for 2004, 2003 and 2002, respectively.

**Note 5  Goodwill and Other Intangible Assets**

     Upon adoption of SFAS No. 142, the Company completed the transitional impairment testing of its goodwill and intangible assets with indefinite lives. It was determined that no impairment existed for certain intangible assets but a transitional impairment loss of $40.0 million ($37.7 million after-tax) was recognized (retroactively to the January 2002 adoption of SFAS No. 142) related to goodwill at Exhibitgroup. The fair value of that reporting unit was estimated using the expected present value of future cash flows. The impairment resulted from a change in the criteria for measurement of impairment from an undiscounted to a discounted cash flow method. This impairment is included in the consolidated statements of operations under the caption Change in accounting principle. Annual impairment tests were performed as of October 31, 2003 and 2002 resulting in no additional impairment.

     In the third quarter of 2004, Exhibitgroups results of operations were affected by a significant reduction in revenue from new exhibit construction resulting in a less profitable mix of business. Customer orders for new exhibit construction declined further than management anticipated and Exhibitgroups 2004 full year financial forecast was reduced. As a result of these factors, Viad completed an interim impairment test of the goodwill at Exhibitgroup, and based on this testing Viad recorded an impairment charge of $80.4 million ($76.6 million after-tax). At that time Viad also performed an interim impairment test of the unamortized trade name at Exhibitgroup and recorded an estimated impairment loss of $7.0 million ($4.2 million after-tax). In the fourth quarter of 2004, management completed the valuation of the trademark and recorded an additional impairment charge of $1.3 million ($776,000 after-tax). These charges are included on the consolidated statements of operations under the captions Goodwill impairment loss and Intangible asset impairment loss, respectively.

F-10

##### [Table of Contents](#tocpage)

**VIAD CORP**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  (Continued)**

     Viad uses a discounted expected future cash flow methodology in order to estimate the fair value of its reporting units and its intangible assets. The estimates and assumptions regarding expected future cash flows, terminal values and the discount rate require considerable judgment and are based on historical experience, financial forecasts and industry trends and conditions. These estimates, however, have inherent uncertainties and different assumptions could lead to materially different results.

     The changes in the carrying amount of goodwill for the years ended December 31, 2004 and 2003 were as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  | **Travel and** | |  |  |  | |  |
|  |  | **GES** | |  |  | **Exhibitgroup** | |  |  | **Recreation** | |  |  | **Total** | |  |
|  |  | **(in thousands)** | | | | | | | | | | | | | |  |
| Balance at January 1, 2003 |  | $ | 145,308 |  |  | $ | 78,908 |  |  | $ | 27,541 |  |  | $ | 251,757 |  |
| Foreign currency translation adjustments |  |  | 1,393 |  |  |  | 1,447 |  |  |  | 2,090 |  |  |  | 4,930 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Balance at December 31, 2003 |  |  | 146,701 |  |  |  | 80,355 |  |  |  | 29,631 |  |  |  | 256,687 |  |
| Goodwill acquired |  |  | 2,089 |  |  |  |  |  |  |  |  |  |  |  | 2,089 |  |
| Goodwill impairment loss |  |  |  |  |  |  | (80,408 | ) |  |  |  |  |  |  | (80,408 | ) |
| Foreign currency translation adjustments |  |  | 878 |  |  |  | 53 |  |  |  | 3,868 |  |  |  | 4,799 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Balance at December 31, 2004 |  | $ | 149,668 |  |  | $ |  |  |  | $ | 33,499 |  |  | $ | 183,167 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |

     A summary of other intangible assets at December 31, 2004 is presented below:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Gross** | |  |  | **Accumulated** | |  |  | **Net** | |  |
|  |  | **Carrying Value** | |  |  | **Amortization** | |  |  | **Carrying Value** | |  |
|  |  | **(in thousands)** | | | | | | | | | |  |
| Amortized intangible assets: |  | $ | 888 |  |  | $ | (118 | ) |  | $ | 770 |  |
| Customer lists |  |  | 317 |  |  |  | (239 | ) |  |  | 78 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Other |  |  | 1,205 |  |  |  | (357 | ) |  |  | 848 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Unamortized intangible assets: |  |  |  |  |  |  |  |  |  |  |  |  |
| Trademark |  |  | 4,560 |  |  |  |  |  |  |  | 4,560 |  |
| Pension intangible assets |  |  | 780 |  |  |  |  |  |  |  | 780 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  | 5,340 |  |  |  |  |  |  |  | 5,340 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Total |  | $ | 6,545 |  |  | $ | (357 | ) |  | $ | 6,188 |  |
|  |  |  | |  |  |  | |  |  |  | |  |

     A summary of other intangible assets at December 31, 2003 is presented below:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Gross** | |  |  | **Accumulated** | |  |  | **Net** | |  |
|  |  | **Carrying Value** | |  |  | **Amortization** | |  |  | **Carrying Value** | |  |
|  |  | **(in thousands)** | | | | | | | | | |  |
| Amortized intangible assets: |  | $ | 503 |  |  | $ | (503 | ) |  | $ |  |  |
| Customer lists |  |  | 1,026 |  |  |  | (845 | ) |  |  | 181 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Other |  |  | 1,529 |  |  |  | (1,348 | ) |  |  | 181 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Unamortized intangible assets: |  |  |  |  |  |  |  |  |  |  |  |  |
| Trademark |  |  | 12,851 |  |  |  |  |  |  |  | 12,851 |  |
| Pension intangible assets |  |  | 988 |  |  |  |  |  |  |  | 988 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  | 13,839 |  |  |  |  |  |  |  | 13,839 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Total |  | $ | 15,368 |  |  | $ | (1,348 | ) |  | $ | 14,020 |  |
|  |  |  | |  |  |  | |  |  |  | |  |

     Intangible asset amortization expense for the years ended December 31, 2004, 2003 and 2002 was $185,000, $117,000 and $123,000, respectively. The weighted-average amortization period of amortized intangible assets is approximately three years. Estimated amortization expense related to the other intangible assets for the five succeeding years is expected to be $235,000 (2005), $213,000 (2006), $160,000 (2007), $160,000 (2008) and $80,000 (2009).

F-11

##### [Table of Contents](#tocpage)

**VIAD CORP**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  (Continued)**

**Note 6  Accrued Liabilities and Other**

     At December 31 other current liabilities consisted of the following:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |
|  |  | **2004** | |  |  | **2003** | |  |
|  |  | **(in thousands)** | | | | | |  |
| Accrued income taxes |  | $ | 46,579 |  |  | $ | 45,279 |  |
| Customer deposits |  |  | 33,092 |  |  |  | 22,325 |  |
| Accrued compensation |  |  | 16,897 |  |  |  | 24,780 |  |
| Self-insured liability accrual |  |  | 5,138 |  |  |  | 6,946 |  |
| Accrued restructuring |  |  | 3,060 |  |  |  | 8,550 |  |
| Accrued dividends |  |  | 1,134 |  |  |  |  |  |
| Other |  |  | 20,329 |  |  |  | 29,227 |  |
|  |  |  | |  |  |  | |  |
| Total other current liabilities |  | $ | 126,229 |  |  | $ | 137,107 |  |
|  |  |  | |  |  |  | |  |

     At December 31 other deferred items and insurance liabilities consisted of the following:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |
|  |  | **2004** | |  |  | **2003** | |  |
|  |  | **(in thousands)** | | | | | |  |
| Self-insured liability accrual |  | $ | 31,026 |  |  | $ | 33,476 |  |
| Liabilities associated with previously sold operations |  |  | 26,794 |  |  |  | 27,863 |  |
| Accrued restructuring |  |  | 11,180 |  |  |  | 12,435 |  |
| Foreign deferred tax liability |  |  | 9,639 |  |  |  | 11,855 |  |
| Deferred gain on sale of property |  |  | 6,442 |  |  |  | 7,408 |  |
| Other |  |  | 12,208 |  |  |  | 13,171 |  |
|  |  |  | |  |  |  | |  |
| Total other deferred items and insurance liabilities |  | $ | 97,289 |  |  | $ | 106,208 |  |
|  |  |  | |  |  |  | |  |

**Note 7  Debt**

     Long-term debt at December 31 was as follows (1):

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |
|  |  | **2004** | |  |  | **2003** | |  |
|  |  | **(in thousands)** | | | | | |  |
| Revolving credit agreement, floating rate indexed to LIBOR, 3.5% at December 31, due 2007 |  | $ | 12,196 |  |  | $ |  |  |
| Capital lease obligations, 6.5% (2004) and 7.0% (2003) weighted average interest rate at December 31, due to 2012 |  |  | 5,604 |  |  |  | 6,657 |  |
| Senior notes, 6.6% due 2005 |  |  | 2,000 |  |  |  |  |  |
| Subordinated debt, 10.5% debentures, due 2006 |  |  | 1,254 |  |  |  |  |  |
| Allocated debt of Viad Corp, 2.6% weighted average interest rate at December 31 |  |  |  |  |  |  | 30,000 |  |
| ESOP debt obligation, floating rate indexed to LIBOR, 0.9% at December 31 |  |  |  |  |  |  | 13,435 |  |
|  |  |  | |  |  |  | |  |
|  |  |  | 21,054 |  |  |  | 50,092 |  |
| Current portion |  |  | (4,056 | ) |  |  | (3,515 | ) |
|  |  |  | |  |  |  | |  |
| Long-term debt |  | $ | 16,998 |  |  | $ | 46,577 |  |
|  |  |  | |  |  |  | |  |

|  |  |  |
| --- | --- | --- |
| (1) |  | Rates shown are exclusive of the effects of commitment fees and other costs of long-term bank credit used to support short-term borrowings. |

     At December 31, 2004, Viads total debt of $21.1 million consisted of a $12.2 million borrowing under its revolving credit agreement, $5.6 million of capital lease obligations and $3.3 million of medium-term notes and subordinated debentures which remained outstanding following the completion of Viads debt tender offers in June 2004. In July 2004, Viad borrowed $12.4 million under the revolving credit agreement to pay in full the ESOP debt obligation and release Viad from its guarantee of the loan. Viad became the new lender to the ESOP, under essentially the same terms as the previous bank loan, to preserve the continuity of the ESOP and the release of Viad shares to participants accounts through June 2009. This transaction did not result in a net change to the Companys outstanding debt. At December 31, 2003, Viads total debt of $50.1 million included debt

F-12

##### [Table of Contents](#tocpage)

**VIAD CORP**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  (Continued)**

obligations of $20.1 million for which Viad would be the obligor subsequent to the spin-off of MoneyGram, and also included $30.0 million of allocated general corporate debt of Viad which was based on the pro-rated level of debt assumed by both Viad and MoneyGram at the time of the spin-off.

     Capital lease obligations consist of commitments for various property and computer equipment.

     Cash generated by MoneyGram prior to the spin-off was used to redeem the general corporate debt of Viad. Consequently, the net amount of general corporate debt allocated to Viad was reduced by $25.6 million as of the time of the spin-off. The net reduction, which represented noncash transactions, was reflected as a reduction of debt and an increase to Net investment of MoneyGram.

     Effective June 30, 2004, Viad entered into a $150 million secured revolving credit agreement with eight lenders. The credit facility has a three year term (expiring on June 30, 2007) and borrowings are to be used for general corporate purposes (including permitted acquisitions) and to support up to $75 million of letters of credit. The lenders have a first perfected security interest in all of the personal property of Viad and GES, including 65 percent of the capital stock of top-tier foreign subsidiaries. GES is a guarantor of the facility. Borrowings under the facility are indexed to the prime rate or the London Interbank Offering Rate, plus appropriate spreads tied to Viads leverage ratio. Commitment fees and letters of credit fees are also tied to Viads leverage ratio. With the termination of Viads previous credit facilities upon the MoneyGram spin-off, $9.5 million of letters of credit automatically transitioned to the new $150 million credit agreement. Short-term borrowings of $11.2 million at December 31, 2004 have been classified as long-term debt, pursuant to the terms of the credit agreement. Unused commitments (net of amounts borrowed and letters of credit) under the agreement were $127.5 million at December 31, 2004. Financial covenants include a minimum consolidated net worth requirement, a fixed-charge coverage ratio and a leverage ratio. Significant other covenants include limitations on investments, common stock dividends, stock repurchases, additional indebtedness, sales/leases of assets, acquisitions, consolidations or mergers, liens on property, capital expenditures and operating leases. At December 31, 2004, Viad was in compliance with all covenants.

     At December 31, 2004, Viad had certain obligations under guarantees to third parties on behalf of its subsidiaries. These guarantees are not subject to liability recognition in the consolidated financial statements and primarily relate to facilities and equipment leases entered into by the Companys subsidiary operations. Viad would generally be required to make payments to the respective third parties under these guarantees in the event that the related subsidiary could not meet its own payment obligations. The maximum potential amount of future payments that Viad would be required to make under all guarantees existing at December 31, 2004 was $33.1 million. There are no recourse provisions that would enable Viad to recover from third parties any payments made under the guarantees. Furthermore, there are no collateral or similar arrangements whereby Viad could recover payments.

     Annual maturities of long-term debt due in the next five years will approximate $4.1 million (2005), $3.1 million (2006), $10.8 million (2007), $556,000 (2008), $597,000 (2009) and $1.9 million thereafter. Included in 2007 is $9.9 million which represents the maturity of the revolving credit borrowing used to fund the loan to the ESOP.

     The weighted average interest rate on total debt excluding interest expense unrelated to debt obligations was 4.1 percent, 3.2 percent and 4.5 percent, for 2004, 2003 and 2002, respectively.

     The estimated fair value of total debt was $21.1 million and $50.7 million at December 31, 2004 and 2003, respectively. The fair value of debt was estimated by discounting the future cash flows using rates currently available for debt of similar terms and maturity.

     Under a Shelf Registration filed with the Securities and Exchange Commission (the SEC), Viad can issue up to an aggregate $500 million of debt and equity securities. No securities have been issued under the program.

     In June 2004, Viad provided a notice of redemption to the holders of the Companys $4.75 mandatorily redeemable preferred stock. There were 234,983 shares of $4.75 preferred stock outstanding on the notification date. Additionally, in June 2004, the Company irrevocably deposited $24.0 million in a trust clearing account for the benefit of the holders of the preferred shares. The redemption amount of $24.0 million represents the aggregate call price of $101 per share and accrued but unpaid dividends. At the time of the deposit, all rights with respect to the preferred shares were terminated, except the right to receive cash for the redemption amount (including accrued dividends) at any time subsequent to the date of the deposit. The trust clearing account and the associated preferred stock redemption liability were included in the assets and liabilities of Viad following the spin-off. The related loss on redemption of the preferred stock was included in the financial statements of MoneyGram. As of December 31, 2004, Viad had a restricted cash balance and a corresponding preferred stock redemption liability of $252,000 included in the consolidated balance sheets under the captions Other current assets and Other current liabilities, respectively.

F-13

##### [Table of Contents](#tocpage)

**VIAD CORP**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  (Continued)**

**Note 8  Income (Loss) Per Share**

     The following is a reconciliation of the numerators and denominators of diluted and basic per share computations for income (loss) from continuing operations:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **2004** | |  |  | **2003** | |  |  | **2002** | |  |
|  |  | **(in thousands, except per share data)** | | | | | | | | | |  |
| Income (loss) from continuing operations |  | $ | (58,329 | ) |  | $ | 21,091 |  |  | $ | 8,395 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Average outstanding common shares |  |  | 21,741 |  |  |  | 21,555 |  |  |  | 21,544 |  |
| Additional dilutive shares related to stock-based compensation |  |  |  |  |  |  | 99 |  |  |  | 135 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Average outstanding and potentially dilutive common shares |  |  | 21,741 |  |  |  | 21,654 |  |  |  | 21,679 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Diluted income (loss) per share from continuing operations |  | $ | (2.68 | ) |  | $ | 0.97 |  |  | $ | 0.39 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Basic income (loss) per share from continuing operations |  | $ | (2.68 | ) |  | $ | 0.98 |  |  | $ | 0.39 |  |
|  |  |  | |  |  |  | |  |  |  | |  |

     Options to purchase 689,266, 858,064 and 897,702 shares of common stock were outstanding during 2004, 2003 and 2002, respectively, but were not included in the computation of diluted income per share because the effect would be anti-dilutive. Additionally, options to purchase 99,493 shares of common stock for the year ended December 31, 2004 that would normally have been considered dilutive and thus included as outstanding for purposes of computing diluted income per share were excluded due to a net loss reported in that period, thereby making such shares anti-dilutive.

**Note 9  Employee Stock Ownership Plan**

     Viad funds its matching contributions to employees 401(k) accounts through the Employee Stock Ownership Plan. All eligible employees of Viad and its participating affiliates, other than certain employees covered by collective bargaining agreements that do not expressly provide for participation of such employees in an ESOP, may participate in the ESOP.

     In 1989, the ESOP borrowed $40.0 million to purchase treasury shares from Viad. The ESOPs obligation to repay this borrowing was guaranteed by Viad and at December 31, 2003 an unpaid balance on the borrowing remained of $13.4 million. In July 2004, Viad borrowed $12.4 million under its revolving credit agreement (as described in Note 7) to pay in full the outstanding ESOP loan and release the Company from its guarantee of the loan. In connection with the loan payoff, the ESOP entered into a $12.4 million loan with Viad maturing in June 2009 calling for minimum quarterly principal payments of $250,000 plus interest. The same amount, representing unearned employee benefits, has been recorded as a reduction of common stock and other equity. The liability is reduced as the ESOP makes principal payments on the borrowing, and the amount offsetting common stock and other equity is reduced as stock is allocated to employees and benefits are charged to expense. The ESOP will repay the loan using Viad contributions and dividends received on the unallocated Viad shares held by the ESOP.

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

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **2004** | |  |  | **2003** | |  |  | **2002** | |  |
|  |  | **(in thousands)** | | | | | | | | | |  |
| Amounts paid by ESOP for: |  |  |  |  |  |  |  |  |  |  |  |  |
| Debt repayment |  | $ | 1,492 |  |  | $ | 1,800 |  |  | $ | 1,690 |  |
| Interest |  |  | 171 |  |  |  | 162 |  |  |  | 269 |  |
| Amounts received from Viad as: |  |  |  |  |  |  |  |  |  |  |  |  |
| Dividends |  | $ | 396 |  |  | $ | 573 |  |  | $ | 645 |  |
| Contributions |  |  | 1,267 |  |  |  | 1,389 |  |  |  | 1,314 |  |

     Shares are released for allocation to participants based upon the ratio of the current years principal and interest payments to the sum of the total principal and interest payments expected over the remaining life of the plan. Expense is recognized based upon the greater of cumulative cash payments to the ESOP or 80 percent of the cumulative expense that would have been recognized under the shares allocated method, in accordance with EITF Issue No. 89-8, Expense Recognition for Employee Stock Ownership

F-14

##### [Table of Contents](#tocpage)

**VIAD CORP**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  (Continued)**

Plans. Under this method, Viad recorded expense of $1.3 million, $1.4 million and $1.3 million in 2004, 2003 and 2002, respectively.

     As a result of the MoneyGram spin-off, the ESOP received 1,360,388 shares of MoneyGram common stock (as a dividend on the Viad common stock held by the ESOP) which were sold on the open market. The proceeds were used to purchase 1,001,400 shares of Viad common stock. Both the sale of the MoneyGram shares and the purchase of Viad shares were completed by December 31, 2004. Unallocated shares held by the ESOP (after the MoneyGram spin-off, the subsequent reverse stock split and the purchase of additional shares of Viad common stock from the MoneyGram proceeds) totaled 1,274,346 at December 31, 2004 and 366,064 shares at December 31, 2003. Shares allocated during 2004 and 2003 totaled 171,131 and 198,817, respectively.

**Note 10  Employee Equity Trust**

     In 1992, Viad sold treasury stock to the Employee Equity Trust in exchange for a promissory note. The Trust is used to fund certain existing employee compensation and benefit plans. For financial reporting purposes, the Trust is consolidated with Viad and the promissory note ($3.2 million at December 31, 2004) and dividend and interest transactions are eliminated in consolidation.

     In conjunction with the MoneyGram spin-off, the Trust was split and the MoneyGram shares received on the Viad common stock were transferred to MoneyGrams newly-formed employee equity trust. The remaining Viad shares in the Trust were then adjusted for the one-for-four reverse stock split. In addition, Viads promissory note was amended such that $10.2 million of the remaining principal ($13.4 million as of the spin-off date) was assumed by MoneyGrams employee equity trust. The allocation of the promissory note was based on the relative market capitalization of Viad and MoneyGram immediately following the spin-off.

     The fair value of the 347,540 shares held by the Trust at December 31, 2004 totaling $9.9 million and representing unearned employee benefits is shown as a reduction of common stock and other equity and is reduced as employee benefits are funded. The difference between the cost and fair value of shares held is included in additional capital.

     On December 31, 2003, the Company contributed 195,250 shares of Viad common stock (prior to the spin-off and reverse stock split) held in the Trust to the Viad Corp Medical Plan Trust. At the Companys closing stock price on the day of transfer, the contribution totaled $4.9 million which is available to be used by the Viad Corp Medical Plan Trust to fund certain postretirement benefits. As a result of the MoneyGram spin-off, the Viad Corp Medical Plan Trust received 195,250 shares of MoneyGram common stock, which it sold during 2004.

**Note 11  Stock-Based Compensation**

     In 1997, stockholders adopted the Viad Corp Omnibus Incentive Plan (Omnibus Plan). The Omnibus Plan provides for the following types of awards to officers, directors and certain key employees: (a) incentive and nonqualified stock options; (b) stock appreciation rights; (c) restricted stock; and (d) performance-based awards. The number of shares of Viad common stock available for grant under the Omnibus Plan in each calendar year is limited to two percent of the total number of shares of common stock outstanding as of the first day of each year, provided that any shares available for grant in a particular year which are not, in fact, granted in such year shall be added to the shares available for grant in any subsequent calendar year.

     Stock options granted in 2004 were for a term of seven years and become exercisable in annual increments of 20 percent beginning one year after grant date and become fully exercisable after five years from the date of grant. Stock options granted in 2003 were for a term of ten years and became exercisable one third after one year, another third after two years and the balance after three years from the date of grant. Stock options granted in calendar years 2002 and prior were exercisable 50 percent after one year from the date of grant with the balance exercisable after two years from the date of grant. The exercise price of stock options is based on the market value at the date of grant. Additionally, stock options granted since 1998 contain certain forfeiture and non-compete provisions.

     Restricted stock and performance-based restricted stock (PBRS) awards of 245,600 shares (net of cancellations) were granted in 2004 at a weighted-average price (based on fair market value at date of grant) of $25.38. When adjusted for the MoneyGram spin-off and one-for-four reverse stock split, these grants became 61,400 shares of Viad stock (at a weighted-average price of $24.22) and 245,600 shares of MoneyGram stock (at a weighted-average price of $19.32). PBRS awards vested one third after the first year and will vest another third after two years and the balance after three years from the date of grant because incentive performance targets established in the year of grant were achieved at target levels (other than certain executives who earned portions of their award based on the achievement of target levels below the maximum).

     Restricted stock and PBRS awards granted in 2003 totaled 333,600 shares (net of cancellations) at a weighted-average price (based on fair market value at date of grant) of $20.51. On a post-MoneyGram spin-off and one-for-four reverse stock split basis these shares became 83,400 and 333,600 shares of Viad and MoneyGram stock, respectively, at weighted-average prices of $19.57 and $15.62, respectively. PBRS vested one third after the first year and another third after two years. The balance will vest after three years from the date of grant because incentive performance targets established in the year of grant were achieved. However, if minimum performance targets had not been achieved, 100 percent of the grant would have been forfeited.

F-15

##### [Table of Contents](#tocpage)

**VIAD CORP**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  (Continued)**

     In 2002, Viad granted 289,316 shares (net of cancellations) of restricted stock and performance-driven restricted stock (PDRS) at a weighted average price of $27.32 (based on fair market value at date of grant). After the MoneyGram spin-off, these grants were converted to 72,329 shares of Viad stock (at a weighted-average price of $26.07) and 289,316 shares of MoneyGram stock (at a weighted-average price of $20.80). 2001 restricted stock and PDRS awards totaled, net of cancellations, 244,200 shares at a weighted-average price of $20.77 (based on fair market value at date of grant). When adjusted for the MoneyGram spin-off and one-for-four reverse stock split, these grants became 61,050 shares of Viad stock (at a weighted-average price of $19.82) and 244,200 shares of MoneyGram stock (at a weighted-average price of $15.81). PDRS granted in 2002 was earned as incentive performance targets established in the year of grant were achieved. The shares vested in 2005 as performance targets established for the period 2002-2004 were met. If minimum performance targets had not been achieved, 100 percent of the grant would have been forfeited. For PDRS granted in 2001, 25 percent of the shares will vest in 2005 and 75 percent of the shares will vest in 2006 based on achievement of certain long-term incentive performance targets.

     All restricted stock awards vest three years from the date of grant. Future vesting of restricted stock, PBRS and PDRS is generally subject to continued employment with Viad or its operating companies. Holders of restricted stock, PBRS and PDRS have the right to receive dividends and vote the shares, but may not sell, assign, transfer, pledge or otherwise encumber the stock, except to the extent restrictions have lapsed.

     Viad applies APB Opinion No. 25 and related interpretations in accounting for its stock-based compensation plans. Accordingly, no compensation expense has been recognized for its stock-based compensation plans other than for performance-based and restricted stock awards, which gave rise to compensation expense aggregating $8.1 million, $6.6 million and $3.4 million in 2004, 2003 and 2002, respectively. Refer to Note 1 for a discussion of the pro forma impact of stock options on the Companys results of operations.

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | **Weighted** | |  |  |  | |  |
|  |  |  |  |  |  | **Average** | |  |  | **Options** | |  |
|  |  | **Shares** | |  |  | **Exercise Price** | |  |  | **Exercisable** | |  |
| Options outstanding at January 1, 2002 |  |  | 1,188,140 |  |  | $ | 20.22 |  |  |  | 767,229 |  |
| Granted |  |  | 207,861 |  |  |  | 25.72 |  |  |  |  |  |
| Exercised |  |  | (169,048 | ) |  |  | 15.39 |  |  |  |  |  |
| Canceled |  |  | (109,613 | ) |  |  | 24.30 |  |  |  |  |  |
|  |  |  | |  |  |  |  |  |  |  |  |  |
| Options outstanding at December 31, 2002 |  |  | 1,117,340 |  |  |  | 21.57 |  |  |  | 783,381 |  |
| Granted |  |  | 172,983 |  |  |  | 19.60 |  |  |  |  |  |
| Exercised |  |  | (70,654 | ) |  |  | 12.95 |  |  |  |  |  |
| Canceled |  |  | (97,613 | ) |  |  | 23.64 |  |  |  |  |  |
|  |  |  | |  |  |  |  |  |  |  |  |  |
| Options outstanding at December 31, 2003 |  |  | 1,122,056 |  |  |  | 21.63 |  |  |  | 877,800 |  |
| Granted |  |  | 148,279 |  |  |  | 24.45 |  |  |  |  |  |
| Exercised |  |  | (116,741 | ) |  |  | 15.51 |  |  |  |  |  |
| Canceled |  |  | (56,978 | ) |  |  | 23.10 |  |  |  |  |  |
|  |  |  | |  |  |  |  |  |  |  |  |  |
| Options outstanding at December 31, 2004 |  |  | 1,096,616 |  |  |  | 22.59 |  |  |  | 856,201 |  |
|  |  |  | |  |  |  |  |  |  |  |  |  |

     The following table summarizes information concerning stock options outstanding and exercisable at December 31, 2004:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Options Outstanding** | | | | | | | | | |  |  | **Options Exercisable** | | | | | |  |
|  |  |  |  |  |  | **Weighted Average** | |  |  |  | |  |  |  |  |  |  |  | |  |
|  |  |  |  |  |  | **Remaining** | |  |  | **Weighted Average** | |  |  |  |  |  |  | **Weighted Average** | |  |
| **Range of Exercise Prices** |  | **Shares** | |  |  | **Contractual Life** | |  |  | **Exercise Price** | |  |  | **Shares** | |  |  | **Exercise Price** | |  |
| $12.45 to $19.57 |  |  | 285,197 |  |  | 5.3 years | | |  | $ | 17.52 |  |  |  | 185,451 |  |  | $ | 16.42 |  |
| $19.65 to $23.60 |  |  | 185,597 |  |  | 5.9 years | | |  |  | 21.79 |  |  |  | 183,682 |  |  |  | 21.79 |  |
| $23.65 to $24.05 |  |  | 253,800 |  |  | 5.3 years | | |  |  | 23.92 |  |  |  | 253,800 |  |  |  | 23.92 |  |
| $24.22 to $25.19 |  |  | 129,024 |  |  | 6.1 years | | |  |  | 24.25 |  |  |  | 5,550 |  |  |  | 24.89 |  |
| $26.07 to $28.15 |  |  | 242,998 |  |  | 6.1 years | | |  |  | 26.87 |  |  |  | 227,718 |  |  |  | 26.90 |  |
|  |  |  | |  |  |  |  |  |  |  |  |  |  |  | |  |  |  |  |  |
| $12.45 to $28.15 |  |  | 1,096,616 |  |  | 5.7 years | | |  |  | 22.59 |  |  |  | 856,201 |  |  |  | 22.64 |  |
|  |  |  | |  |  |  |  |  |  |  |  |  |  |  | |  |  |  |  |  |

F-16

##### [Table of Contents](#tocpage)

**VIAD CORP**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  (Continued)**

**Note 12  Income Taxes**

     Deferred income tax assets (liabilities) included in the consolidated balance sheets at December 31 related to the following:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |
|  |  | **2004** | |  |  | **2003** | |  |
|  |  | **(in thousands)** | | | | | |  |
| Deferred tax assets: |  |  |  |  |  |  |  |  |
| Provisions for losses |  | $ | 31,109 |  |  | $ | 35,954 |  |
| Pension, compensation and other employee benefits |  |  | 17,912 |  |  |  | 24,010 |  |
| State income taxes |  |  | 15,550 |  |  |  | 16,345 |  |
| Tax credit carryforwards |  |  | 13,464 |  |  |  | 18,144 |  |
| Deferred income |  |  | 2,237 |  |  |  | 2,639 |  |
| Other deferred income tax assets |  |  | 4,058 |  |  |  | 9,052 |  |
|  |  |  | |  |  |  | |  |
|  |  |  | 84,330 |  |  |  | 106,144 |  |
|  |  |  | |  |  |  | |  |
| Deferred tax liabilities: |  |  |  |  |  |  |  |  |
| Property and equipment |  |  | (12,848 | ) |  |  | (13,049 | ) |
| Unrealized gains on investments |  |  | (294 | ) |  |  | (188 | ) |
| Other deferred income tax liabilities |  |  | (6,261 | ) |  |  | (18,355 | ) |
|  |  |  | |  |  |  | |  |
|  |  |  | (19,403 | ) |  |  | (31,592 | ) |
|  |  |  | |  |  |  | |  |
| Foreign deferred tax liabilities included above |  |  | 9,639 |  |  |  | 11,855 |  |
|  |  |  | |  |  |  | |  |
| United States deferred tax assets |  | $ | 74,566 |  |  | $ | 86,407 |  |
|  |  |  | |  |  |  | |  |

     Viad is required to estimate and record provisions for income taxes in each of the jurisdictions in which the Company operates. Accordingly, the Company must estimate its actual current income tax liability, and assess temporary differences arising from the treatment of items for tax purposes as compared to the treatment for accounting purposes. These differences result in deferred tax assets and liabilities which are included in Viads consolidated balance sheets. The Company must assess the likelihood that deferred tax assets will be recovered from future taxable income and to the extent that recovery is not likely, a valuation allowance must be established. As of December 31, 2004 and 2003, Viad had gross deferred tax assets of $84.3 million and $106.1 million, respectively. Viad does not have a valuation allowance related to deferred tax assets as management believes that recovery from future taxable income is likely.

     Viad is subject to regular and recurring audits by the taxing authorities in the jurisdictions in which the Company conducts or had previously conducted significant operations. Accordingly, the Company maintains reserves associated with various federal, state and foreign tax audit exposures that may arise in connection with such audits. As of December 31, 2004, Viad had $42.7 million accrued for these exposures. If the reserves are less than amounts ultimately assessed by the taxing authorities, Viad must record additional income tax expense in the period in which the assessment is determined. To the extent that the Company has favorable settlements, or determines that reserves are no longer needed, such reserves are reversed as a reduction of income tax expense, or in some cases through discontinued operations, in the period such determination is made.

     The $13.5 million of tax credit carryforwards at December 31, 2004 consist of $860,000 of general business credit carryforwards that expire in 2011 through 2012 and 2018 through 2023 and $12.6 million of alternative minimum tax carryforwards that can be carried forward indefinitely.

     Income tax expense for the years ended December 31 consisted of the following:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **2004** | |  |  | **2003** | |  |  | **2002** | |  |
|  |  | **(in thousands)** | | | | | | | | | |  |
| Current: |  |  |  |  |  |  |  |  |  |  |  |  |
| United States: |  |  |  |  |  |  |  |  |  |  |  |  |
| Federal |  | $ | (3,687 | ) |  | $ | (8,420 | ) |  | $ | (9,800 | ) |
| State |  |  | (393 | ) |  |  | 2,317 |  |  |  | 17,709 |  |
| Foreign |  |  | 7,681 |  |  |  | 6,651 |  |  |  | 6,899 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  | 3,601 |  |  |  | 548 |  |  |  | 14,808 |  |
| Deferred |  |  | 1,745 |  |  |  | 20,813 |  |  |  | (4,969 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |
| Income tax expense |  | $ | 5,346 |  |  | $ | 21,361 |  |  | $ | 9,839 |  |
|  |  |  | |  |  |  | |  |  |  | |  |

     Certain tax benefits related primarily to stock option exercises and dividends paid to the ESOP totaling $1.2 million, $1.0 million and $2.6 million in 2004, 2003 and 2002, respectively, were credited to common stock and other equity.

     Eligible subsidiaries (including sold and discontinued businesses up to their respective disposition dates) are included in the consolidated federal and other applicable income tax returns of Viad.

     The Jobs Creation Act introduced a special one-time dividend-received deduction on the repatriation of certain foreign earnings to a U.S. taxpayer provided certain criteria are met. Viad is currently evaluating the amount, if any, to be repatriated by Viad. This evaluation process for 2005 is expected to be completed within a reasonable period of time but not later than the fourth quarter of 2005. The range of unremitted earnings that is being considered for repatriation as a result of the repatriation provision is between zero and approximately $12.0 million. The income tax effect of such repatriation is between zero and approximately $2.0 million.

F-17

##### [Table of Contents](#tocpage)

**VIAD CORP**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  (Continued)**

     A reconciliation of the income tax expense and the amount that would be computed using statutory federal income tax rates for the years ended December 31 is as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **2004** | | | | | |  |  | **2003** | | | | | |  |  | **2002** | | | | | |  |
|  |  | **(in thousands)** | | | | | | | | | | | | | | | | | | | | | |  |
| Computed income taxes at statutory federal income tax rate of 35% |  | $ | (18,544 | ) |  |  | 35.0 | % |  | $ | 14,858 |  |  |  | 35.0 | % |  | $ | 6,382 |  |  |  | 35.0 | % |
| State income taxes |  |  | 1,096 |  |  |  | (2.1 | %) |  |  | 3,046 |  |  |  | 7.2 | % |  |  | 1,547 |  |  |  | 8.5 | % |
| Goodwill and intangible asset impairment losses |  |  | 24,837 |  |  |  | (46.9 | %) |  |  |  |  |  |  | 0.0 | % |  |  |  |  |  |  | 0.0 | % |
| Other, net |  |  | (2,043 | ) |  |  | 3.9 | % |  |  | 3,457 |  |  |  | 8.1 | % |  |  | 1,910 |  |  |  | 10.5 | % |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Income tax expense |  | $ | 5,346 |  |  |  | (10.1 | %) |  | $ | 21,361 |  |  |  | 50.3 | % |  | $ | 9,839 |  |  |  | 54.0 | % |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |

     United States and foreign income (loss) before income taxes for the years ended December 31 was as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **2004** | |  |  | **2003** | |  |  | **2002** | |  |
|  |  | **(in thousands)** | | | | | | | | | |  |
| United States |  | $ | (61,268 | ) |  | $ | 31,384 |  |  | $ | (1,286 | ) |
| Foreign |  |  | 8,285 |  |  |  | 11,068 |  |  |  | 19,520 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Income (loss) before income taxes |  | $ | (52,983 | ) |  | $ | 42,452 |  |  | $ | 18,234 |  |
|  |  |  | |  |  |  | |  |  |  | |  |

**Note 13  Pension and Other Postretirement Benefits**

**Pension Benefits.** Prior to the spin-off of MoneyGram, Viad had trusteed, frozen defined benefit pension plans that covered certain employees and were funded by the Company. Viad also maintained certain unfunded defined benefit pension plans which provided supplemental benefits to select management employees. With the spin-off of MoneyGram, the defined benefit pension obligation associated with the Companys primary funded plan was transferred to MoneyGram while Viad retained the obligations related to two smaller funded plans. In addition, the liabilities associated with the majority of the unfunded plans were transferred to MoneyGram while Viad retained the obligations related to plans for certain continuing subsidiaries. These plans use a traditional defined benefit formula based on years of service and various defined benefit formulas. Funding policies provide that payments to defined benefit pension trusts shall be at least equal to the minimum funding required by applicable regulations.

     The periodic pension cost for defined benefit pension plans for the years ended December 31 included the following components:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **2004** | |  |  | **2003** | |  |  | **2002** | |  |
|  |  | **(in thousands)** | | | | | | | | | |  |
| Service cost |  | $ | 133 |  |  | $ | 62 |  |  | $ | 51 |  |
| Interest cost |  |  | 1,153 |  |  |  | 1,177 |  |  |  | 1,214 |  |
| Expected return on plan assets |  |  | (941 | ) |  |  | (1,038 | ) |  |  | (1,310 | ) |
| Amortization of prior service cost |  |  | 208 |  |  |  | 208 |  |  |  | 208 |  |
| Recognized net actuarial loss |  |  | 291 |  |  |  | 138 |  |  |  | 6 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Net periodic pension cost |  | $ | 844 |  |  | $ | 547 |  |  | $ | 169 |  |
|  |  |  | |  |  |  | |  |  |  | |  |

     Contributions to multiemployer pension plans totaled $15.9 million, $15.8 million and $16.6 million in 2004, 2003 and 2002, respectively. Costs of 401(k) defined contribution and other pension plans totaled $805,000, $689,000 and $931,000 in 2004, 2003 and 2002, respectively.

F-18

##### [Table of Contents](#tocpage)

**VIAD CORP**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  (Continued)**

     The following table indicates the plans funded status and amounts recognized in Viads consolidated balance sheets at December 31:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Funded Plans** | | | | | |  |  | **Unfunded Plans** | | | | | |  |
|  |  | **2004** | |  |  | **2003** | |  |  | **2004** | |  |  | **2003** | |  |
|  |  | **(in thousands)** | | | | | | | | | | | | | |  |
| Change in benefit obligation: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Benefit obligation at beginning of year |  | $ | 12,022 |  |  | $ | 11,813 |  |  | $ | 7,102 |  |  | $ | 6,642 |  |
| Service cost |  |  |  |  |  |  |  |  |  |  | 133 |  |  |  | 62 |  |
| Interest cost |  |  | 722 |  |  |  | 737 |  |  |  | 431 |  |  |  | 440 |  |
| Actuarial adjustments |  |  | 747 |  |  |  | 224 |  |  |  | 413 |  |  |  | 457 |  |
| Benefits paid |  |  | (893 | ) |  |  | (752 | ) |  |  | (503 | ) |  |  | (499 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Benefit obligation at end of year |  |  | 12,598 |  |  |  | 12,022 |  |  |  | 7,576 |  |  |  | 7,102 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Change in plan assets: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Fair value of plan assets at beginning of year |  |  | 10,165 |  |  |  | 10,235 |  |  |  |  |  |  |  |  |  |
| Actual return on plan assets |  |  | 834 |  |  |  | 682 |  |  |  |  |  |  |  |  |  |
| Company contributions |  |  |  |  |  |  |  |  |  |  | 503 |  |  |  | 499 |  |
| Benefits paid |  |  | (893 | ) |  |  | (752 | ) |  |  | (503 | ) |  |  | (499 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Fair value of plan assets at end of year |  |  | 10,106 |  |  |  | 10,165 |  |  |  |  |  |  |  |  |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Funded status |  |  | (2,492 | ) |  |  | (1,857 | ) |  |  | (7,576 | ) |  |  | (7,102 | ) |
| Unrecognized prior service cost |  |  | 268 |  |  |  | 314 |  |  |  | 512 |  |  |  | 674 |  |
| Unrecognized actuarial loss |  |  | 6,428 |  |  |  | 5,825 |  |  |  | 1,845 |  |  |  | 1,472 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Net amount recognized |  | $ | 4,204 |  |  | $ | 4,282 |  |  | $ | (5,219 | ) |  | $ | (4,956 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |

**Information for Pension Plans with an Accumulated Benefit Obligation in Excess of Plan Assets.**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Funded Plans** | | | | | |  |  | **Unfunded Plans** | | | | | |  |
|  |  | **2004** | |  |  | **2003** | |  |  | **2004** | |  |  | **2003** | |  |
|  |  | **(in thousands)** | | | | | | | | | | | | | |  |
| Projected benefit obligation |  | $ | 12,598 |  |  | $ | 12,022 |  |  | $ | 7,576 |  |  | $ | 7,102 |  |
| Accumulated benefit obligation |  |  | 12,598 |  |  |  | 12,022 |  |  |  | 7,238 |  |  |  | 6,711 |  |
| Fair value of plan assets |  |  | 10,106 |  |  |  | 10,165 |  |  |  |  |  |  |  |  |  |

     The total amounts recognized in Viads consolidated balance sheets at December 31 were as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Funded Plans** | | | | | |  |  | **Unfunded Plans** | | | | | |  |
|  |  | **2004** | |  |  | **2003** | |  |  | **2004** | |  |  | **2003** | |  |
|  |  | **(in thousands)** | | | | | | | | | | | | | |  |
| Net accrued pension liability |  | $ | (2,492 | ) |  | $ | (1,857 | ) |  | $ | (7,257 | ) |  | $ | (6,711 | ) |
| Intangible asset |  |  | 268 |  |  |  | 314 |  |  |  | 512 |  |  |  | 674 |  |
| Deferred tax asset |  |  | 2,507 |  |  |  | 2,271 |  |  |  | 595 |  |  |  | 422 |  |
| Accumulated other comprehensive income |  |  | 3,921 |  |  |  | 3,554 |  |  |  | 931 |  |  |  | 659 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Net amount recognized |  | $ | 4,204 |  |  | $ | 4,282 |  |  | $ | (5,219 | ) |  | $ | (4,956 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |

**Additional information.** The increase in the minimum pension liability included in accumulated other comprehensive income was $639,000 and $242,000 for the years ended December 31, 2004 and 2003, respectively.

     Viads pension plan weighted-average asset allocations at December 31, 2004 and 2003, by asset category, are as follows:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |
|  |  | **2004** | |  |  | **2003** | |  |
| Equity securities |  |  | 59.9 | % |  |  | 54.4 | % |
| Fixed income securities |  |  | 34.3 | % |  |  | 35.3 | % |
| Real estate |  |  | 0.0 | % |  |  | 7.0 | % |
| Other |  |  | 5.8 | % |  |  | 3.3 | % |
|  |  |  | |  |  |  | |  |
| Total |  |  | 100.0 | % |  |  | 100.0 | % |
|  |  |  | |  |  |  | |  |

F-19

##### [Table of Contents](#tocpage)

**VIAD CORP**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  (Continued)**

     Viad employs a total return investment approach whereby a mix of equities and fixed income securities are used to maximize the long-term return of plan assets for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities, plan funded status, and corporate financial condition. The investment portfolio contains a diversified blend of equity and fixed income securities. Furthermore, equity securities are diversified across U.S. and non-U.S. stocks, as well as growth and value. Investment risk is measured and monitored on an ongoing basis through quarterly investment portfolio reviews and annual liability measurements.

     Viad utilizes a building-block approach in determining the long-term expected rate of return on plan assets. Historical markets are studied and long-term historical relationships between equity securities and fixed income securities are preserved consistent with the widely accepted capital market principle that assets with higher volatility generate a greater return over the long run. Current market factors such as inflation and interest rates are evaluated before long-term capital market assumptions are determined. The long-term portfolio return also takes proper consideration of diversification and rebalancing. Peer data and historical returns are reviewed for reasonableness and appropriateness.

     The Company presently anticipates making no contribution to its funded pension plans and contributing $536,000 to its unfunded pension plans in 2005.

     The following pension benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |
|  |  | **Funded** | |  |  | **Unfunded** | |  |
|  |  | **Plans** | |  |  | **Plans** | |  |
|  |  | **(in thousands)** | | | | | |  |
| 2005 |  | $ | 646 |  |  | $ | 536 |  |
| 2006 |  |  | 690 |  |  |  | 524 |  |
| 2007 |  |  | 752 |  |  |  | 512 |  |
| 2008 |  |  | 846 |  |  |  | 499 |  |
| 2009 |  |  | 763 |  |  |  | 490 |  |
| 2010-2014 |  |  | 3,839 |  |  |  | 2,744 |  |

**Postretirement Benefits Other Than Pensions.** Viad and certain of its subsidiaries have defined benefit postretirement plans that provide medical and life insurance for certain eligible employees, retirees and dependents. The related postretirement benefit liabilities are recognized over the period that services are provided by employees. In addition, Viad retained the obligations for such benefits for retirees of certain sold businesses. While the plans have no funding requirements, Viad may fund the plans. As described in Note 10, on December 31, 2003, Viad contributed 195,250 shares of Viad common stock valued at $4.9 million to the Viad Corp Medical Plan Trust to fund certain postretirement benefits.

     In May 2004, the FASB issued FSP FAS 106-2 on the accounting for the effects of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act), which was enacted into law on December 8, 2003, and which provides a federal subsidy to employers that sponsor postretirement health care plans that provide certain prescription drug benefits to the extent such benefits are deemed actuarially equivalent to Medicare Part D. The Company made a one-time election, under the previously issued FSP FAS 106-1, to defer recognition of the effects of the Act until further authoritative guidance was issued. With FSP FAS 106-2, which superceded FSP FAS 106-1, guidance was provided in accounting for the subsidy, effective for the first reporting period beginning after June 15, 2004. The Company adopted FSP FAS 106-2 on July 1, 2004 using the prospective method. The effects of the Act decreased Viads accumulated postretirement benefit obligation by $4.6 million. This decrease is treated as an actuarial experience gain, which will be amortized to expense through a decrease in the amortization of the unrecognized net actuarial loss. In January 2005, final regulations were released by the Centers for Medicare and Medicaid Services in determining the medical prescription drug benefit and other key elements of the Act, including actuarial equivalence. The Company has not yet determined if these additional regulations will have a significant impact on Viads financial position or results of operations.

     The effect of the Act decreased net periodic postretirement benefit cost for the year ended December 31, 2004 by $352,000. The components of this savings were the reduction in the amortization of the unrecognized net actuarial loss of $204,000, the reduction in interest cost of $144,000, and the reduction in current service cost of $4,000.

F-20

##### [Table of Contents](#tocpage)

**VIAD CORP  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  (Continued)**

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

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **2004** | |  |  | **2003** | |  |  | **2002** | |  |
|  |  | **(in thousands)** | | | | | | | | | |  |
| Service cost |  | $ | 76 |  |  | $ | 100 |  |  | $ | 74 |  |
| Interest cost |  |  | 1,812 |  |  |  | 2,327 |  |  |  | 2,249 |  |
| Expected return on plan assets |  |  | (343 | ) |  |  | (149 | ) |  |  | (148 | ) |
| Amortization of prior service cost |  |  | (749 | ) |  |  | (671 | ) |  |  | (671 | ) |
| Recognized net actuarial loss |  |  | 724 |  |  |  | 1,055 |  |  |  | 713 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Net periodic postretirement benefit cost |  | $ | 1,520 |  |  | $ | 2,662 |  |  | $ | 2,217 |  |
|  |  |  | |  |  |  | |  |  |  | |  |

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

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |
|  |  | **2004** | |  |  | **2003** | |  |
|  |  | **(in thousands)** | | | | | |  |
| Change in benefit obligation: |  |  |  |  |  |  |  |  |
| Benefit obligation at beginning of year |  | $ | 36,941 |  |  | $ | 37,242 |  |
| Service cost |  |  | 76 |  |  |  | 100 |  |
| Interest cost |  |  | 1,812 |  |  |  | 2,327 |  |
| Actuarial adjustments |  |  | (6,064 | ) |  |  | (248 | ) |
| Plan amendments |  |  | (3,987 | ) |  |  |  |  |
| Benefits paid |  |  | (2,545 | ) |  |  | (2,480 | ) |
|  |  |  | |  |  |  | |  |
| Benefit obligation at end of year |  |  | 26,233 |  |  |  | 36,941 |  |
|  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |
| Change in plan assets: |  |  |  |  |  |  |  |  |
| Fair value of plan assets at beginning of year |  |  | 10,497 |  |  |  | 5,616 |  |
| Actual return on plan assets |  |  | 466 |  |  |  |  |  |
| Company contributions |  |  | 847 |  |  |  | 7,361 |  |
| Benefits paid |  |  | (2,545 | ) |  |  | (2,480 | ) |
|  |  |  | |  |  |  | |  |
| Fair value of plan assets at end of year |  |  | 9,265 |  |  |  | 10,497 |  |
|  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |
| Funded status |  |  | (16,968 | ) |  |  | (26,444 | ) |
| Unrecognized prior service cost |  |  | (8,140 | ) |  |  | (4,902 | ) |
| Unrecognized net actuarial loss |  |  | 7,931 |  |  |  | 14,679 |  |
|  |  |  | |  |  |  | |  |
| Accrued postretirement benefit cost |  | $ | (17,177 | ) |  | $ | (16,667 | ) |
|  |  |  | |  |  |  | |  |

     A one-percentage-point increase in the assumed health care cost trend rate for each year would increase the accumulated postretirement benefit obligation as of December 31, 2004 by approximately $2.1 million and the total of service and interest cost components by approximately $190,000. A one-percentage-point decrease in the assumed health care cost trend rate for each year would decrease the accumulated postretirement benefit obligation as of December 31, 2004 by approximately $1.9 million and the total of service and interest cost components by approximately $169,000.

     Viads postretirement benefit weighted-average asset allocation was 48.8 percent and 51.2 percent in equity securities and private equity securities, respectively, at December 31, 2004, and 46.5 percent and 53.5 percent in equity securities and private equity securities, respectively, at December 31, 2003.

     The Company presently anticipates contributing $600,000 to its other postretirement benefit plans in 2005.

F-21

##### [Table of Contents](#tocpage)

**VIAD CORP  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  (Continued)**

     The postretirement benefits expected to be paid, which reflect expected future service, and the Medicare Part D subsidy expected to be received, are as follows:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |
|  |  | **Postretirement** | |  |  | **Medicare Part D** | |  |
|  |  | **Benefit** | |  |  | **Subsidy** | |  |
|  |  | **Payments** | |  |  | **Receipts** | |  |
|  |  | **(in thousands)** | | | | | |  |
| 2005 |  | $ | 2,664 |  |  | $ |  |  |
| 2006 |  |  | 2,685 |  |  |  | 369 |  |
| 2007 |  |  | 2,691 |  |  |  | 374 |  |
| 2008 |  |  | 2,636 |  |  |  | 368 |  |
| 2009 |  |  | 2,560 |  |  |  | 359 |  |
| 2010-2014 |  |  | 11,650 |  |  |  | 1,668 |  |

**Measurement Date.** Viad utilizes a November 30 measurement date for its pension and other postretirement benefit plans.

**Weighted Average Assumptions.** Weighted average assumptions used to determine benefit obligations at December 31 were as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Pension Benefits** | | | | | |  |  | **Other Benefits** | | | | | |  |
|  |  | **2004** | |  |  | **2003** | |  |  | **2004** | |  |  | **2003** | |  |
| Discount rate |  |  | 5.75 | % |  |  | 6.25 | % |  |  | 5.75 | % |  |  | 6.25 | % |
| Rate of compensation increase |  |  | 4.50 | % |  |  | 4.50 | % |  |  | N/A |  |  |  | N/A |  |

     Weighted average assumptions used to determine net periodic benefit cost for the years ended December 31 were as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Pension Benefits** | | | | | |  |  | **Other Benefits** | | | | | |  |
|  |  | **2004** | |  |  | **2003** | |  |  | **2004** | |  |  | **2003** | |  |
| Discount rate |  |  | 6.25 | % |  |  | 6.75 | % |  |  | 6.25 | % |  |  | 6.75 | % |
| Expected long-term return on plan assets |  |  | 8.75 | % |  |  | 8.75 | % |  |  | 3.75 | % |  |  | 3.75 | % |
| Rate of compensation increase |  |  | 4.50 | % |  |  | 4.50 | % |  |  | N/A |  |  |  | N/A |  |

     The assumed health care cost trend rate used in measuring the 2004 accumulated postretirement benefit obligation was ten percent in the year 2004, declining one percent each year to the ultimate rate of five percent by the year 2009 and remaining at that level thereafter. The assumed health care cost trend rate used in measuring the 2003 accumulated postretirement benefit obligation was nine percent in the year 2004, declining one percent each year to the ultimate rate of five percent by the year 2008 and remaining at that level thereafter.

**Note 14  Restructuring Charges and Recoveries**

     In 2004, Viad recorded restructuring charges of $1.4 million related to planned employee reductions as a result of the MoneyGram spin-off as well as the consolidation of certain leased office space at its corporate headquarters. At December 31, 2004, $1.1 million of this balance was unpaid of which $266,000 was included in the consolidated balance sheet under the caption Other current liabilities and $850,000 as Other deferred items and insurance liabilities.

     In the fourth quarter of 2002, Viad approved a restructuring plan related to Exhibitgroup and recorded a charge totaling $20.5 million. The charge consisted of costs associated with the closure and consolidation of certain facilities, severance and other employee benefits and included a provision for the write-down (net of estimated proceeds) of certain inventories and fixed assets, facility closure and lease termination costs (less estimated sublease income) and other exit costs. Of the total restructuring charge, $19.3 million was included in the consolidated statements of operations under the caption Restructuring charges (recoveries) and $1.2 million relating to consulting fees incurred and the write-down of certain inventories was included under the caption Costs of services. In 2004 and 2003, $123,000 and $3.5 million of the 2002 restructuring charge was reversed, respectively, as certain net costs expected to be incurred were less than original estimates and in 2003 there was an additional $290,000 charge for a lease termination fee related to a revised facility closure. These amounts were included in the consolidated statements of operations under the caption Restructuring charges (recoveries). At December 31, 2004, there was a remaining liability of $2.4 million, of which $658,000 and $1.8 million were included in the consolidated balance sheets under the caption Other current liabilities and Other deferred items and insurance liabilities, respectively. Viad had substantially completed the restructuring activities by December 31, 2003, however, payments due under the long-term lease obligations will continue to be made over the

F-22

##### [Table of Contents](#tocpage)

**VIAD CORP  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  (Continued)**

remaining terms of the lease agreements. Additionally, payments of severance and benefits will continue to be made over the varying terms of the individual separation agreements.

     A summary of the change in the 2002 restructuring charge liability balance at December 31, 2004 is as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | **Facility Closure** | |  |  |  | |  |  |  | |  |  |  | |  |
|  |  | **Severance** | |  |  | **and Lease** | |  |  | **Asset** | |  |  |  | |  |  |  | |  |
|  |  | **and Benefits** | |  |  | **Termination (1)** | |  |  | **Impairment** | |  |  | **Other** | |  |  | **Total** | |  |
|  |  | **(in thousands)** | | | | | | | | | | | | | | | | | |  |
| Initial restructuring charge |  | $ | 2,911 |  |  | $ | 12,814 |  |  | $ | 4,140 |  |  | $ | 650 |  |  | $ | 20,515 |  |
| Cash payments |  |  |  |  |  |  |  |  |  |  |  |  |  |  | (650 | ) |  |  | (650 | ) |
| Noncash write-downs (2) |  |  |  |  |  |  |  |  |  |  | (4,140 | ) |  |  |  |  |  |  | (4,140 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Balance at December 31, 2002 |  |  | 2,911 |  |  |  | 12,814 |  |  |  |  |  |  |  |  |  |  |  | 15,725 |  |
| Cash payments |  |  | (1,747 | ) |  |  | (3,472 | ) |  |  |  |  |  |  |  |  |  |  | (5,219 | ) |
| Additional lease restructuring (3) |  |  |  |  |  |  | 290 |  |  |  |  |  |  |  |  |  |  |  | 290 |  |
| Adjustment to liability (4) |  |  |  |  |  |  | (3,500 | ) |  |  |  |  |  |  |  |  |  |  | (3,500 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Balance at December 31, 2003 |  |  | 1,164 |  |  |  | 6,132 |  |  |  |  |  |  |  |  |  |  |  | 7,296 |  |
| Cash payments |  |  | (678 | ) |  |  | (4,047 | ) |  |  |  |  |  |  |  |  |  |  | (4,725 | ) |
| Adjustment to liability (4) |  |  |  |  |  |  | (123 | ) |  |  |  |  |  |  |  |  |  |  | (123 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Balance at December 31, 2004 |  | $ | 486 |  |  | $ | 1,962 |  |  | $ |  |  |  | $ |  |  |  | $ | 2,448 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |

|  |  |  |
| --- | --- | --- |
| (1) |  | Amount net of estimated sublease income of $3.9 million (revised to $5.7 million in 2003). |
|  |  | |
| (2) |  | Relates primarily to the write-down of leasehold improvements, manufacturing-related equipment and inventory. |
|  |  | |
| (3) |  | Relates to lease termination fee. |
|  |  | |
| (4) |  | Relates to adjustment of excess accrual on facility closures. |

     In 2001, Viad approved a plan of restructuring and recorded a charge totaling $65.1 million related to GES and Exhibitgroup. Of the total charge, $13.6 million related to GES, $47.9 million related to Exhibitgroup and $3.6 million related to corporate activities. The restructuring charge was associated with the closure and consolidation of certain facilities, severance and other employee benefits of which $3.7 million (relating to the write-down of certain inventories) was included in the consolidated statements of operations under the caption "Costs of services." All facilities were closed or consolidated and all positions eliminated as of December 31, 2002. In 2003 and 2002, $1.8 million and $853,000, respectively, of the 2001 restructuring charge was reversed as certain actual costs incurred were less than original estimates. At December 31, 2004, there was a remaining liability of $11.5 million, of which $2.1 million and $9.4 million were included in the consolidated balance sheets under the caption Other current liabilities and Other deferred items and insurance liabilities, respectively. Payments due under the long-term lease obligations will continue to be made over the remaining terms of the lease agreements.

F-23

##### [Table of Contents](#tocpage)

**VIAD CORP  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  (Continued)**

     A summary of the change in the 2001 restructuring charge liability balance at December 31, 2004 is as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | **Facility Closure** | |  |  |  | |  |
|  |  | **Severance** | |  |  | **and Lease** | |  |  |  | |  |
|  |  | **and Benefits** | |  |  | **Termination** | |  |  | **Total** | |  |
|  |  | **(in thousands)** | | | | | | | | | |  |
| Balance at January 1, 2002 |  | $ | 6,840 |  |  | $ | 27,917 |  |  | $ | 34,757 |  |
| Cash payments |  |  | (5,105 | ) |  |  | (8,962 | ) |  |  | (14,067 | ) |
| Adjustment to severance liability |  |  | (853 | ) |  |  |  |  |  |  | (853 | ) |
| Noncash write-downs (1) |  |  |  |  |  |  | (205 | ) |  |  | (205 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |
| Balance at December 31, 2002 |  |  | 882 |  |  |  | 18,750 |  |  |  | 19,632 |  |
| Cash payments |  |  | (406 | ) |  |  | (3,732 | ) |  |  | (4,138 | ) |
| Adjustment to liability |  |  | (200 | ) |  |  | (1,605 | ) |  |  | (1,805 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |
| Balance at December 31, 2003 |  |  | 276 |  |  |  | 13,413 |  |  |  | 13,689 |  |
| Cash payments |  |  | (276 | ) |  |  | (2,626 | ) |  |  | (2,902 | ) |
| Noncash adjustment |  |  |  |  |  |  | 739 |  |  |  | 739 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Balance at December 31, 2004 |  | $ |  |  |  | $ | 11,526 |  |  | $ | 11,526 |  |
|  |  |  | |  |  |  | |  |  |  | |  |

|  |  |  |
| --- | --- | --- |
| (1) |  | Relates to write-off of remaining leasehold improvements. |

**Note 15  Leases**

     Viad has entered into operating leases for the use of certain of its offices, equipment and other facilities. These leases expire over periods up to ten years, and some of which provide for renewal options up to 26 years. Leases which expire are generally renewed or replaced by similar leases. Some leases contain scheduled rental increases accounted for on a straight-line basis.

     At December 31, 2004, Viads future minimum rental payments and related sublease rentals receivable with respect to noncancelable operating leases with terms in excess of one year were as follows:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |
|  |  | **Rental** | |  |  | **Receivable** | |  |
|  |  | **Payments** | |  |  | **Under Subleases** | |  |
|  |  | **(in thousands)** | | | | | |  |
| 2005 |  | $ | 24,699 |  |  | $ | 3,867 |  |
| 2006 |  |  | 19,164 |  |  |  | 3,649 |  |
| 2007 |  |  | 16,491 |  |  |  | 3,156 |  |
| 2008 |  |  | 14,049 |  |  |  | 2,946 |  |
| 2009 |  |  | 12,447 |  |  |  | 2,733 |  |
| Thereafter |  |  | 35,182 |  |  |  | 3,237 |  |
|  |  |  | |  |  |  | |  |
| Total |  | $ | 122,032 |  |  | $ | 19,588 |  |
|  |  |  | |  |  |  | |  |

     Net rent expense under operating leases for the years ended December 31 consisted of the following:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **2004** | |  |  | **2003** | |  |  | **2002** | |  |
|  |  | **(in thousands)** | | | | | | | | | |  |
| Minimum rentals |  | $ | 31,697 |  |  | $ | 29,844 |  |  | $ | 29,539 |  |
| Sublease rentals |  |  | (4,288 | ) |  |  | (4,120 | ) |  |  | (3,086 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |
| Total rentals, net |  | $ | 27,409 |  |  | $ | 25,724 |  |  | $ | 26,453 |  |
|  |  |  | |  |  |  | |  |  |  | |  |

**Note 16  Litigation, Claims and Other Contingencies**

     Viad and certain of its subsidiaries are plaintiffs or defendants to various actions, proceedings and pending claims. Some of the foregoing involve, or may involve, compensatory, punitive or other damages. Litigation is subject to many uncertainties and it is possible that some of the legal actions, proceedings or claims could be decided against Viad. Although the amount of liability at December 31, 2004, with respect to certain of these matters is not ascertainable, Viad believes that any resulting liability, after taking into consideration amounts already provided for, including insurance coverage, will not have a material effect on Viads financial position or results of operations.

F-24

##### [Table of Contents](#tocpage)

**VIAD CORP  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  (Continued)**

     Viad is subject to various U.S. federal, state and foreign laws and regulations governing the prevention of pollution and the protection of the environment in the jurisdictions in which Viad has or had operations. If Viad has failed to comply with these environmental laws and regulations, civil and criminal penalties could be imposed and Viad could become subject to regulatory enforcement actions in the form of injunctions and cease and desist orders. As is the case with many companies, Viad also faces exposure to actual or potential claims and lawsuits involving environmental matters relating to Viads past operations. Although Viad is a party to certain environmental disputes, Viad believes that any resulting liabilities, after taking into consideration amounts already provided for, including insurance coverage, will not have a material effect on Viads financial position or results of operations.

     As of December 31, 2004, Viad had certain obligations under guarantees to third parties on behalf of its subsidiaries. These guarantees are not subject to liability recognition in the consolidated financial statements and primarily relate to leased facilities and credit or loan arrangements with banks, entered into by Viads subsidiary operations. Viad would generally be required to make payments to the respective third parties under these guarantees in the event that the related subsidiary could not meet its own payment obligations. The maximum potential amount of future payments that Viad would be required to make under all guarantees existing at December 31, 2004 would be $33.1 million. At December 31, 2004, the aggregate guarantees related to leased facilities were $32.7 million, and expire through January 2015. At December 31, 2004, the aggregate guarantees related to credit or loan arrangements with banks were $375,000 which expire concurrent with the credit or loan arrangement. There are no recourse provisions that would enable Viad to recover from third parties any payments made under the guarantees. Furthermore, there are no collateral or similar arrangements whereby Viad could recover payments.

**Note 17  Related Party Transactions**

     Prior to the spin-off transaction, distributions from MoneyGram primarily represented cash transfers to New Viad in order to fund working capital requirements and for general corporate purposes. Distributions to MoneyGram primarily represented cash payments to fund stockholder dividends, common stock repurchases, interest and principal payments on general corporate debt obligations and certain capital contributions associated with MoneyGram. The net distributions from MoneyGram prior to the spin-off transaction were $35.6 million and $27.5 million for the years ended December 31, 2004 and 2003, respectively.

     Subsequent to the spin-off transaction and through December 31, 2004, Viad received aggregate payments from MoneyGram of $10.8 million related to spin-off related costs, such as legal and administrative costs, and other costs primarily related to insurance, employee benefit programs and income taxes. Cash payments directly related to the spin-off transaction represent the settlement of balance sheet liabilities assumed by Viad at the time of the spin-off. Accordingly, the costs associated with these liabilities were reflected in MoneyGrams results of operations. In addition, Viad received aggregate payments of $957,000 related to certain administrative services provided to MoneyGram pursuant to the Interim Services Agreement dated June 30, 2004. As of December 31, 2004, Viad had recorded a receivable from MoneyGram of $4.1 million primarily representing the transfer of certain tax credits pursuant to the Tax Sharing Agreement dated June 30, 2004.

     See Note 21 related to a transaction between Viad and MoneyGram occurring subsequent to December 31, 2004.

F-25

##### [Table of Contents](#tocpage)

**VIAD CORP  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  (Continued)**

**Note 18  Segment Information**

     Viad measures profit and performance of its operations on the basis of operating income before restructuring charges. The accounting policies of the operating segments are the same as those described in Note 1. Consolidated revenues and operating income reflect the elimination of intersegment sales and transfers. Corporate activities include expenses not allocated to operations. As also discussed in Note 1, as a result of the spin-off transaction, Viad has redefined its reportable segments as GES, Exhibitgroup and Travel and Recreation Services. Disclosures regarding Viads reportable segments with reconciliations to consolidated totals are presented in the accompanying tables:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **2004** | |  |  | **2003** | |  |  | **2002** | |  |
|  |  | **(in thousands)** | | | | | | | | | |  |
| Revenues: |  |  |  |  |  |  |  |  |  |  |  |  |
| GES |  | $ | 540,085 |  |  | $ | 498,714 |  |  | $ | 533,857 |  |
| Exhibitgroup |  |  | 178,112 |  |  |  | 218,551 |  |  |  | 252,376 |  |
| Travel and Recreation Services |  |  | 67,460 |  |  |  | 53,203 |  |  |  | 58,253 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
|  |  | $ | 785,657 |  |  | $ | 770,468 |  |  | $ | 844,486 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Operating income before restructuring charges: |  |  |  |  |  |  |  |  |  |  |  |  |
| GES |  | $ | 43,262 |  |  | $ | 40,171 |  |  | $ | 42,756 |  |
| Exhibitgroup |  |  | (9,648 | ) |  |  | 1,070 |  |  |  | (2,597 | ) |
| Travel and Recreation Services |  |  | 19,767 |  |  |  | 9,975 |  |  |  | 14,243 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Reportable segments |  |  | 53,381 |  |  |  | 51,216 |  |  |  | 54,402 |  |
| Corporate activities |  |  | (14,533 | ) |  |  | (15,190 | ) |  |  | (14,230 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  | 38,848 |  |  |  | 36,026 |  |  |  | 40,172 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest income |  |  | 1,225 |  |  |  | 441 |  |  |  | 1,004 |  |
| Interest recoveries (expense) |  |  | (2,267 | ) |  |  | 1,080 |  |  |  | (4,056 | ) |
| Restructuring recoveries (charges): |  |  |  |  |  |  |  |  |  |  |  |  |
| GES |  |  | 28 |  |  |  | 1,315 |  |  |  | 773 |  |
| Exhibitgroup |  |  | 95 |  |  |  | 3,700 |  |  |  | (19,355 | ) |
| Corporate |  |  | (1,363 | ) |  |  |  |  |  |  | 80 |  |
| Goodwill and intangible asset impairment losses (1) |  |  | (88,699 | ) |  |  |  |  |  |  |  |  |
| Minority interests |  |  | (850 | ) |  |  | (110 | ) |  |  | (384 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |
| Income (loss) before income taxes |  | $ | (52,983 | ) |  | $ | 42,452 |  |  | $ | 18,234 |  |
|  |  |  | |  |  |  | |  |  |  | |  |

|  |  |  |
| --- | --- | --- |
| (1) |  | This amount relates to Exhibitgroup. |

F-26

##### [Table of Contents](#tocpage)

**VIAD CORP  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  (Continued)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **2004** | |  |  | **2003** | |  |  | **2002** | |  |
|  |  | **(in thousands)** | | | | | | | | | |  |
| Assets: |  |  |  |  |  |  |  |  |  |  |  |  |
| GES |  | $ | 255,788 |  |  | $ | 251,146 |  |  | $ | 264,033 |  |
| Exhibitgroup |  |  | 89,327 |  |  |  | 161,344 |  |  |  | 167,718 |  |
| Travel and Recreation Services |  |  | 117,360 |  |  |  | 107,549 |  |  |  | 88,590 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Reportable segments |  |  | 462,475 |  |  |  | 520,039 |  |  |  | 520,341 |  |
| Corporate and other |  |  | 195,957 |  |  |  | 162,057 |  |  |  | 153,015 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
|  |  | $ | 658,432 |  |  | $ | 682,096 |  |  | $ | 673,356 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Depreciation and amortization: |  |  |  |  |  |  |  |  |  |  |  |  |
| GES |  | $ | 12,168 |  |  | $ | 11,853 |  |  | $ | 14,580 |  |
| Exhibitgroup |  |  | 4,840 |  |  |  | 3,747 |  |  |  | 4,383 |  |
| Travel and Recreation Services |  |  | 5,381 |  |  |  | 4,554 |  |  |  | 3,570 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Reportable segments |  |  | 22,389 |  |  |  | 20,154 |  |  |  | 22,533 |  |
| Corporate and other |  |  | 981 |  |  |  | 2,347 |  |  |  | 2,260 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
|  |  | $ | 23,370 |  |  | $ | 22,501 |  |  | $ | 24,793 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Capital expenditures: |  |  |  |  |  |  |  |  |  |  |  |  |
| GES |  | $ | 10,089 |  |  | $ | 10,562 |  |  | $ | 9,265 |  |
| Exhibitgroup |  |  | 4,365 |  |  |  | 2,602 |  |  |  | 1,961 |  |
| Travel and Recreation Services |  |  | 851 |  |  |  | 2,244 |  |  |  | 2,045 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Reportable segments |  |  | 15,305 |  |  |  | 15,408 |  |  |  | 13,271 |  |
| Corporate and other |  |  | 69 |  |  |  | 127 |  |  |  | 114 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
|  |  | $ | 15,374 |  |  | $ | 15,535 |  |  | $ | 13,385 |  |
|  |  |  | |  |  |  | |  |  |  | |  |

**Geographic Areas.** Viads foreign operations are located principally in Canada and Europe. GES and Exhibitgroup revenues are designated as foreign based on the originating location of the product or service. Long-lived assets are attributed to domestic or foreign based principally on physical location of the assets. Long-lived assets consist of Property and equipment and Other investments and assets. The table below presents the financial information by major geographic area:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **2004** | |  |  | **2003** | |  |  | **2002** | |  |
|  |  | **(in thousands)** | | | | | | | | | |  |
| Revenues: |  |  |  |  |  |  |  |  |  |  |  |  |
| United States |  | $ | 667,641 |  |  | $ | 678,048 |  |  | $ | 752,875 |  |
| Foreign |  |  | 118,016 |  |  |  | 92,420 |  |  |  | 91,611 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Total revenues |  | $ | 785,657 |  |  | $ | 770,468 |  |  | $ | 844,486 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Long-lived assets: |  |  |  |  |  |  |  |  |  |  |  |  |
| United States |  | $ | 115,957 |  |  | $ | 116,743 |  |  | $ | 116,797 |  |
| Foreign |  |  | 64,670 |  |  |  | 64,110 |  |  |  | 54,561 |  |
|  |  |  | |  |  |  | |  |  |  | |  |
| Total long-lived assets |  | $ | 180,627 |  |  | $ | 180,853 |  |  | $ | 171,358 |  |
|  |  |  | |  |  |  | |  |  |  | |  |

F-27

##### [Table of Contents](#tocpage)

**VIAD CORP  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  (Continued)**

**Note 19  Condensed Consolidated Quarterly Results (Unaudited)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **First** | |  |  | **Second** | |  |  | **Third** | |  |  | **Fourth** | |  |
|  |  | **Quarter** | |  |  | **Quarter** | |  |  | **Quarter** | |  |  | **Quarter** | |  |
|  |  | **(in thousands, except per share data)** | | | | | | | | | | | | | |  |
| **2004** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenues: |  | $ | 207,555 |  |  | $ | 207,378 |  |  | $ | 218,581 |  |  | $ | 152,143 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Operating income (loss): |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Ongoing operations(1) |  | $ | 16,206 |  |  | $ | 18,878 |  |  | $ | 23,529 |  |  | $ | (5,232 | ) |
| Corporate activities |  |  | (2,617 | ) |  |  | (3,871 | ) |  |  | (3,416 | ) |  |  | (4,629 | ) |
| Restructuring (charges) recoveries(2) |  |  |  |  |  |  | (853 | ) |  |  | (850 | ) |  |  | 463 |  |
| Goodwill and intangible asset impairment losses(3) |  |  |  |  |  |  |  |  |  |  | (87,408 | ) |  |  | (1,291 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Operating income (loss) |  | $ | 13,589 |  |  | $ | 14,154 |  |  | $ | (68,145 | ) |  | $ | (10,689 | ) |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Income (loss) from continuing operations |  | $ | 7,559 |  |  | $ | 9,182 |  |  | $ | (68,275 | ) |  | $ | (6,795 | ) |
| Net income (loss) |  | $ | 7,559 |  |  | $ | 9,182 |  |  | $ | (68,275 | ) |  | $ | (4,468 | ) |
| Diluted net income (loss) per common share: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income (loss) from continuing operations |  | $ | 0.35 |  |  | $ | 0.42 |  |  | $ | (3.14 | ) |  | $ | (0.31 | ) |
| Net income (loss) |  | $ | 0.35 |  |  | $ | 0.42 |  |  | $ | (3.14 | ) |  | $ | (0.21 | ) |
| Basic net income (loss) per common share: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income (loss) from continuing operations |  | $ | 0.35 |  |  | $ | 0.42 |  |  | $ | (3.14 | ) |  | $ | (0.31 | ) |
| Net income (loss) |  | $ | 0.35 |  |  | $ | 0.42 |  |  | $ | (3.14 | ) |  | $ | (0.21 | ) |
| **2003** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenues: |  | $ | 225,338 |  |  | $ | 236,190 |  |  | $ | 165,068 |  |  | $ | 143,872 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Operating income: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Ongoing operations(1) |  | $ | 15,619 |  |  | $ | 26,579 |  |  | $ | 8,820 |  |  | $ | 198 |  |
| Corporate activities |  |  | (3,777 | ) |  |  | (3,355 | ) |  |  | (5,315 | ) |  |  | (2,743 | ) |
| Restructuring recoveries(2) |  |  |  |  |  |  | 1,276 |  |  |  | 200 |  |  |  | 3,539 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Operating income |  | $ | 11,842 |  |  | $ | 24,500 |  |  | $ | 3,705 |  |  | $ | 994 |  |
|  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |
| Net income |  | $ | 4,711 |  |  | $ | 14,282 |  |  | $ | 1,947 |  |  | $ | 151 |  |
| Diluted net income per common share |  | $ | 0.22 |  |  | $ | 0.66 |  |  | $ | 0.09 |  |  | $ | 0.01 |  |
| Basic net income per common share |  | $ | 0.22 |  |  | $ | 0.66 |  |  | $ | 0.09 |  |  | $ | 0.01 |  |

|  |  |  |
| --- | --- | --- |
| (1) |  | Represents revenues less costs of services and costs of products sold. |
|  |  | |
| (2) |  | In the second quarter of 2004, Viad recorded restructuring charges of $853,000 primarily related to planned employee reductions as a result of the MoneyGram spin-off. Of this amount, $340,000 was reversed in the fourth quarter of 2004. Viad recorded an additional charge of $850,000 in the third quarter of 2004 as a result of the consolidation of certain leased office space at its corporate headquarters. Viad recorded restructuring charges totaling $61.4 million in 2001 and $19.3 million in 2002 associated with the closure and consolidation of certain facilities, severance and other employee benefits. In the second quarter of 2003, $1.3 million of the 2001 restructuring charge was reversed as certain actual costs incurred were less than original estimates and in the third and fourth quarters of 2003 and the fourth quarter of 2004 an additional $200,000, $3.5 million and $123,000, respectively, of costs were reversed. |
|  |  | |
| (3) |  | Viad completed an interim impairment test of the goodwill and an estimated preliminary analysis of the trademark intangible asset at Exhibitgroup. Based on this testing, Viad recorded aggregate impairment charges of $87.4 million in the third quarter of 2004. In the fourth quarter of 2004, Viad completed its analysis of the trademark intangible asset and recorded an additional impairment of $1.3 million. |

**Note 20  Discontinued Operations**

     Viad recorded income from discontinued operations of $2.3 million in 2004 related to tax matters associated with previously sold operations, primarily foreign tax settlements.

**Note 21  Subsequent Event**

     In January 2005, Viad sold a 50 percent interest in its corporate aircraft to MoneyGram for $8.6 million in cash. The purchase price was determined by reference to third party appraisals that indicated a fair market value which closely approximated the net book value of the aircraft. Accordingly, there was no gain or loss in connection with the transaction.

F-28

##### [Table of Contents](#tocpage)

report of independent registered public accounting firm

Board of Directors and Stockholders  
Viad Corp  
Phoenix, Arizona

     We have audited the accompanying consolidated balance sheets of Viad Corp and subsidiaries (the Company) as of December 31, 2004 and 2003, and the related consolidated statements of operations, comprehensive income, cash flows, and common stock and other equity for each of the three years in the period ended December 31, 2004. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Companys management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

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

     In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Viad Corp and subsidiaries as of December 31, 2004 and 2003, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2004 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

     As discussed in Note 5 to the consolidated financial statements, in 2002 the Company changed its method of accounting for goodwill and other intangible assets to conform to Statement of Financial Accounting Standards No. 142.

     We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Companys internal control over financial reporting as of December 31, 2004, based on the criteria established in Internal ControlIntegrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 14, 2005 expressed an unqualified opinion on managements assessment of the effectiveness of the Companys internal control over financial reporting and an unqualified opinion on the effectiveness of the Companys internal control over financial reporting.

/s/ DELOITTE & TOUCHE llp  
Deloitte & Touche llp

Phoenix, Arizona  
March 14, 2005

F-29

##### [Table of Contents](#tocpage)

**VIAD CORP**

**SCHEDULE II  VALUATION AND QUALIFYING ACCOUNTS**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | **Additions** | | | | | |  |  | **Deductions** | | | | | |  |  |  | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Balance at** | |  |  |  |  |  |  | **Charged to** | |  |  |  |  |  |  | **Credited** | |  |  |  | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Beginning** | |  |  | **Charged to** | |  |  | **Other** | |  |  |  |  |  |  | **to Other** | |  |  | **Balance at** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Description** |  | **of Year** | |  |  | **Expense** | |  |  | **Accounts** | |  |  | **Write-offs** | |  |  | **Accounts** | |  |  | **End of Year** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **(in thousands)** | | | | | | | | | | | | | | | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Provision for doubtful accounts for the years ended: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | | | | | | | | | | | | | | |
| December 31, 2004 |  | $ | 2,555 |  |  | $ | 1,428 |  |  | $ |  |  |  | $ | (1,757 | ) |  | $ |  |  |  | $ | 2,226 |  |  | | | | | | | | | | | | | | | |
| December 31, 2003 |  |  | 4,004 |  |  |  | 1,459 |  |  |  |  |  |  |  | (2,908 | ) |  |  |  |  |  |  | 2,555 |  |  | | | | | | | | | | | | | | | |
| December 31, 2002 |  |  | 3,695 |  |  |  | 4,984 |  |  |  |  |  |  |  | (4,675 | ) |  |  |  |  |  |  | 4,004 |  |  | | | | | | | | | | | | | | | |

F-30

##### [Table of Contents](#tocpage)

**EXHIBIT INDEX**

|  |  |  |
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|  |  |  |
| Exhibits. # |  |  |
| 3.A |  | Copy of Restated Certificate of Incorporation of Viad Corp, as amended through July 1, 2004, filed as Exhibit 3.A to Viad Corps Form 10-Q for the period ended June 30, 2004, is hereby incorporated by reference. |
| 3.B |  | Copy of Bylaws of Viad Corp, as amended through February 23, 2005, filed as Exhibit 3 to Viad Corps Form 8-K filed February 25, 2005, is hereby incorporated by reference. |
| 4.A |  | Instruments with respect to issues of long-term debt have not been filed as exhibits to this Annual Report on Form 10-K if the authorized principal amount of any one of such issues does not exceed 10% of total assets of the Company and its subsidiaries on a consolidated basis. The Company agrees to furnish a copy of each such instrument to the Securities and Exchange Commission upon request. |
| 4.B1 |  | Copy of $150,000,000 Credit Agreement (senior secured credit facility) dated as of June 30, 2004, filed as Exhibit 4.A to Viad Corps Form 10-Q for the period ended June 30, 2004, is hereby incorporated by reference. |
| 4.B2 |  | Copy of Amendment No. 1 and Limited Waiver to Credit Agreement dated November 4, 2004.\* |
| 4.B3 |  | Copy of Amendment No. 2 to Credit Agreement dated December 17, 2004.\* |
| 4.C1 |  | Copy of Rights Agreement dated February 28, 2002, between Viad Corp and Wells Fargo Bank Minnesota, N.A., which includes the form of Right Certificate as Exhibit A and the Summary of Rights to Purchase Preferred Shares as Exhibit B, incorporated by reference into specified registration statement on Form 8-A filed February 28, 2002. |
| 4.C2 |  | Copy of Certificate of Adjusted Purchase Price or Number of Shares dated July 9, 2004, with Wells Fargo Bank, N.A., as Rights Agent, filed as Exhibit 4.2 to Viad Corps Form 8-A/A filed July 9, 2004, is hereby incorporated by reference. |
| 10.A |  | Copy of Viad Corp 1992 Stock Incentive Plan as amended August 15, 1996, filed as Exhibit 4.3 to Viad Corps Registration Statement on Form S-8 (Registration No. 333-63397), is hereby incorporated by reference.+ |
| 10.B |  | Copy of 1997 Viad Corp Omnibus Incentive Plan, as amended through March 14, 2005.+\* |
| 10.C1 |  | Copy of form of Performance-Driven Restricted Stock Agreement, as amended August 13, 2004, pursuant to the 1997 Viad Corp Omnibus Incentive Plan, filed as Exhibit 10.D1 to Viad Corps Form 10-Q for the period ended September 30, 2004, is hereby incorporated by reference.+ |
| 10.C2 |  | Copy of form of Performance-Based Restricted Stock Agreement, as amended August 13, 2004, pursuant to the 1997 Viad Corp Omnibus Incentive Plan, filed as Exhibit 10.D2 to Viad Corps Form 10-Q for the period ended September 30, 2004, is hereby incorporated by reference.+ |
| 10.C3 |  | Copy of form of Restricted Stock Agreement for Executives (three-year cliff vesting), as amended February 23, 2005, pursuant to the 1997 Viad Corp Omnibus Incentive Plan, filed as Exhibit 10.A to Viad Corps Form 8-K filed February 25, 2005, is hereby incorporated by reference.+ |
| 10.C4 |  | Copy of form of Restricted Stock Agreement (three-year cliff vesting) for Outside Directors, as adopted February 23, 2005, pursuant to the 1997 Viad Corp Omnibus Incentive Plan, filed as Exhibit 10.B to Viad Corps Form 8-K filed February 25, 2005, is hereby incorporated by reference.+ |
| 10.D |  | Copy of Viad Corp Management Incentive Plan, as amended March 14, 2005.+\* |
| 10.E |  | Copy of Viad Corp Performance-Based Stock Plan, as amended and restated effective May 1998, filed as Exhibit 10.D to Viad Corps Form 10-Q for the period ended June 30, 1998, is hereby incorporated by reference.+ |
| 10.F |  | Copy of Viad Corp Deferred Compensation Plan (Executive) Amended and Restated as of August 13, 2004, filed as Exhibit 10.A to Viad Corps Form 10-Q for the period ended September 30, 2004, is hereby incorporated by reference.+ |
| 10.G1 |  | Copy of form of Amended and Restated Executive Severance Agreement effective as of March 30, 2004, between Viad Corp and Chairman, President and Chief Executive Officer, filed as Exhibit 10.C2 to Viad Corps Form 10-Q for the period ended June 30, 2004, is hereby incorporated by reference.+ |
| 10.G2 |  | Copy of forms of Viad Corp Amended and Restated Executive Severance Plans (First and Second Tier) covering certain employees, amended as of March 30, 2004, filed as Exhibit 10.C1 to Viad Corps Form 10-Q for the period ended June 30, 2004, is hereby incorporated by reference.+ |

F-31

##### [Table of Contents](#tocpage)

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|  |  |  |
| Exhibits. # |  |  |
| 10.H |  | Copy of Amended and Restated Employment Agreement between Viad Corp and Robert H. Bohannon dated as of June 1, 2004, filed as Exhibit 10.B to Viad Corps Form 10-Q for the period ended June 30, 2004, is hereby incorporated by reference.+ |
| 10.I |  | Copy of Viad Corp Supplemental TRIM Plan as Amended and Restated August 20, 2003 and filed as Exhibit 10.C to Viad Corps Form 10-Q for the period ended September 30, 2003, is hereby incorporated by reference.+ |
| 10.J1 |  | Copy of Viad Corp Supplemental Pension Plan, as amended and restated effective January 1, 2001, filed as Exhibit 10.B to Viad Corps Form 10-Q for the period ending June 30, 2001, is hereby incorporated by reference.+ |
| 10.J2 |  | Copy of First Amendment to the Restated Viad Corp Supplemental Pension Plan, filed as Exhibit 10.A to Viad Corps Form 10-Q for the period ended June 30, 2003, is hereby incorporated by reference.+ |
| 10.J3 |  | Copy of Amendment No. 2 to the Restated Viad Corp Supplemental Pension Plan as of March 30, 2004, filed as Exhibit 10.C to Viad Corps Form 10-Q for the period ended March 31, 2004, is hereby incorporated by reference.+ |
| 10.J4 |  | Copy of Amendment No. 3 to the Restated Viad Corp Supplemental Pension Plan.+\* |
| 10.K |  | Description of Viad Corp Directors Matching Gift Program, filed as Exhibit 10.Q to Viad Corps 1999 Form 10-K, is hereby incorporated by reference.+ |
| 10.L |  | Summary of Compensation Program of Non-Employee Directors of Viad Corp as of February 23, 2005, filed as Exhibit 10.C to Viad Corps Form 8-K filed February 25, 2005, is hereby incorporated by reference.+ |
| 10.M1 |  | Copy of form of Incentive Stock Option Agreement, as amended through February 19, 2004, pursuant to the 1997 Viad Corp Omnibus Incentive Plan, filed as Exhibit 10.C1 to Viad Corps Form 10-Q for the period ended September 30, 2004, is hereby incorporated by reference.+ |
| 10.M1 |  | Copy of form of Non-Qualified Incentive Stock Option Agreement, as amended through August 13, 2004, pursuant to the 1997 Viad Corp Omnibus Incentive Plan, filed as Exhibit 10.C2 to Viad Corps Form 10-Q for the period ended September 30, 2004, is hereby incorporated by reference.+ |
| 10.N1 |  | Copy of Retirement Plan for Management Employees of Brewster Transport Company Limited.+\* |
| 10.N2 |  | Copy of Brewster Transport Company Limited Supplementary Benefit Plan.+\* |
| 14 |  | Copy of Code of Ethics of Viad Corp adopted May 13, 2003, filed as Exhibit 14 to Viad Corps 2003 Form 10-K, is hereby incorporated by reference. |
| 21 |  | List of Subsidiaries of Viad Corp.\* |
| 23 |  | Consent of Independent Registered Public Accounting Firm to the incorporation by reference into specified registration statements on Form S-3 or on Form S-8 of their report contained in this Annual Report.\* |
| 24 |  | Power of Attorney signed by Directors of Viad Corp.\* |
| 31.1 |  | Exhibit of Certification of Chief Executive Officer of Viad Corp pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.#\* |
| 31.2 |  | Exhibit of Certification of Chief Financial Officer of Viad Corp pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.#\* |
| 32.1 |  | Additional Exhibit of Certification of Chief Executive Officer of Viad Corp pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.#\* |
| 32.2 |  | Additional Exhibit of Certification of Chief Financial Officer of Viad Corp pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.#\* |

|  |  |  |
| --- | --- | --- |
| \* |  | Filed herewith. |
|  |  | |
| + |  | Management contract or compensation plan or arrangement. |
|  |  | |
| # |  | A signed original of this written statement has been provided to Viad Corp and will be retained by Viad Corp and furnished to the Securities and Exchange Commission upon request. |

F-32

EXHIBIT 4.B2

AMENDMENT NO. 1 AND LIMITED WAIVER TO CREDIT AGREEMENT

This Amendment No. 1 and Limited Waiver (this "Amendment") is entered into

as of November 4, 2004 by and among Viad Corp, a Delaware corporation (the

"Borrower"), Bank One, NA, a national banking association having its principal

office in Chicago, Illinois, as Lender and as Administrative Agent

("Administrative Agent"), and the other financial institutions signatory hereto.

RECITALS

A. The Borrower, the Administrative Agent and the Lenders are party to

that certain Credit Agreement dated as of June 30, 2004 (as amended, the "Credit

Agreement"). Unless otherwise specified herein, capitalized terms used in this

Amendment shall have the meanings ascribed to them by the Credit Agreement. In

connection with the Credit Agreement, the Administrative Agent and GES

Exposition Services, Inc. ("Guarantor") entered into a Subsidiary Pledge and

Security Agreement (the "Subsidiary Pledge Agreement").

B. On August 14, 2004 the Borrower amended its by-laws without giving the

Administrative Agent proper notice under the Credit Agreement (the "Bylaws

Amendment"). Guarantor has informed Administrative Agent it has relocated

certain collateral without giving the Administrative Agent proper notice under

the Subsidiary Pledge Agreement (the "Collateral Move").

C. The Borrower, the Administrative Agent and the Required Lenders wish to

amend the Credit Agreement and waive (i) the Default of the Borrower under the

Credit Agreement with respect to the Bylaws Amendment; and (ii) the Default (as

defined in the Subsidiary Pledge Agreement) of the Guarantor under the

Subsidiary Pledge Agreement with respect to the Collateral Move on the terms and

conditions set forth below.

Now, therefore, in consideration of the mutual execution hereof and other

good and valuable consideration, the parties hereto agree as follows:

1. Amendments to Credit Agreement. Upon the "Effective Date" (as

defined below), the Credit Agreement shall be amended as follows:

(a) Schedule 1.02 to the Credit Agreement is hereby amended by

deleting Exhibit A thereto in its entirety and replacing it with Exhibit A

attached hereto.

(b) Schedule 6.11 to the Credit Agreement is hereby amended by

deleting Exhibit B thereto and replacing it with Exhibit B hereto.

(c) Schedule 6.15 to the Credit Agreement is hereby amended by

deleting Exhibit D thereto and replacing it with Exhibit D hereto.

2. The undersigned Lenders hereby: (a) (i) waive any breach of

Section 6.18 of the Credit Agreement arising solely as a result of the Bylaws

Amendment, and (ii) waive any Default or Unmatured Default under Section 7.3 of

the Credit Agreement which may have arisen from such breach; and (b) (i) waive

any breach of Section 4.1.7. of the Subsidiary Pledge Agreement arising solely

as a result of the Collateral Move, and (ii) waive any Default under Section

5.1.2 of the Subsidiary Pledge Agreement which may have arisen from such breach.

3. Representations and Warranties of the Borrower. The Borrower

represents and warrants that:

(a) Each of the representations and warranties contained in

the Credit Agreement is true and correct in all material respects on and

as of the date hereof as if made on the date hereof;

(b) After giving effect to this Amendment, no Default or

Unmatured Default has occurred and is continuing.

4. Representations and Warranties of the Guarantor. The Guarantor

represents and warrants that:

(a) Each of the representations and warranties contained in

the Subsidiary Pledge Agreement is true and correct in all material

respects on and as of the date hereof as if made on the date hereof;

(b) After giving effect to this Amendment, no Default (as

defined in the Subsidiary Pledge Agreement) has occurred and is continuing

under the Subsidiary Pledge Agreement.

5. Effective Date. This Amendment shall become effective upon the

execution and delivery hereof by the Borrower, the Guarantor and the Required

Lenders ("Effective Date").

6. Reference to and Effect Upon the Loan Documents.

(a) Except as specifically amended, the Credit Agreement and

the other Loan Documents shall remain in full force and effect and are

hereby ratified and confirmed.

(b) The execution, delivery and effectiveness of this

Amendment shall not operate as a waiver of any right, power or remedy of

the Administrative Agent or any Lender under the Credit Agreement or any

Loan Document, nor constitute a waiver of any provision of the Credit

Agreement or any Loan Document, except as specifically set forth herein.

Upon the effectiveness of this Amendment, each reference in the Credit

Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of

similar import shall mean and be a reference to the Credit Agreement as

amended hereby.

7. Costs and Expenses. The Borrower hereby affirms its obligation

under Section 9.6 of the Credit Agreement to reimburse the Administrative Agent

for all reasonable costs, internal charges and out-of-pocket expenses paid or

incurred by the Administrative Agent in connection with the preparation,

negotiation, execution and delivery of this Amendment, including but not limited

to the attorneys' fees and time charges of attorneys for the Administrative

Agent with respect thereto.

8. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED

IN ACCORDANCE WITH THE INTERNAL LAWS (AS OPPOSED TO CONFLICTS OF LAWS

PROVISIONS) OF THE STATE OF NEW YORK BUT GIVING EFFECT TO FEDERAL LAWS

APPLICABLE TO NATIONAL BANKS.

9. Headings. Section headings in this Amendment are included herein

for convenience of reference only and shall not constitute a part of this

Amendment for any other purposes.

10. Counterparts. This Amendment may be executed in any number of

counterparts, each of which when so executed shall be deemed an original but all

such counterparts shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Amendment as of

the date and year first above written.

VIAD CORP

By: /s/ Ellen M. Ingersoll

----------------------------------

Its: Chief Financial Officer

By: /s/ E. A. Newman

----------------------------------

Its: Treasurer

2

GES EXPOSITION SERVICES, INC.

By: /s/ Ellen M. Ingersoll

----------------------------------

Its: Vice President

By: /s/ E. A. Newman

----------------------------------

Its: Treasurer

BANK ONE, NA,

as Lender and as Administrative Agent

By: /s/ Stephen C. Price

----------------------------------

Its: Managing Director

WACHOVIA BANK, NATIONAL ASSOCIATION,

as Lender and as Syndication Agent

By: /s/ Kirsten Carver

----------------------------------

Its: Assistant Vice President

BANK OF AMERICA, N.A.,

as Lender and Co-Documentation Agent

By: /s/ Russell A. McClymont

----------------------------------

Its: Vice President

KEYBANK NATIONAL ASSOCIATION,

as Lender and Co-Documentation Agent

By: /s/ Brendan A. Lawlor

----------------------------------

Its: Senior Vice President

[Signature Page to Amendment No. 1 to Viad Corp Credit Agreement]

3

CALYON NEW YORK BRANCH

By: /s/ Dianne M. Scott

----------------------------------

Its: Managing Director

By: Frank Herrera

----------------------------------

Its: Director

U.S. BANK NATIONAL ASSOCIATION

By:

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Its:

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BNP PARIBAS

By: /s/ Janice S. H. Ho

----------------------------------

Its: Director

By: /s/ Tjalling Terpstra

----------------------------------

Its: Director

WELLS FARGO BANK, NATIONAL

ASSOCIATION

By: /s/ Jason Paulnock

----------------------------------

Its: Vice President

By: /s/ Beth McGinnis

----------------------------------

Its: Senior Vice President

[Signature Page to Amendment No. 1 to Viad Corp Credit Agreement]

4

EXHIBIT A - SCHEDULE 1.02

AS OF JUNE 24, 2004

(000)

ISSUED COMPANY DATE EXPIRATION FOREIGN AMOUNT

BY LENDER/LESSOR SUPPORTED FACILITY ISSUED DATE CURRENCY AMOUNT IN U.S.$

Viad Petula Associates, Ltd. GES Lease (Dallas) 02/24/1998 04/01/2005 $ 426 $ 426

Lease (Garden

Viad 7300 Chapman Ave., L.LC. GES Grove, CA) 3/31/1999 8/31/2004 $ 125 $ 125

Industrial Development

Viad International (Georgia) L.P. GES Lease (Atlanta) 04/25/2001 11/30/2006 $ 1,671 $ 1,671

Beltway Business Park

Viad Warehouse GES Lease (Las Vegas) 12/14/2001 1/31/2015 $30,000 $ 30,000

GES, E/G, Master Equipment

Viad Key Equipment Finance GPI Lease 3/29/2004 3/29/2007 $ 1,000 $ 1,000

Hewlett-Packard Financial Master Lease and

Viad Services Canada Company GES Canada Financing Statement 6/24/2004 6/24/2007 Canadian $ 350 $ 257

TOTAL $ 33,479

5

EXHIBIT B - SCHEDULE 6.11

AS OF JUNE 24, 2004

(000)

COMPANY DATE EXPIRATION FOREIGN AMOUNT

ISSUED BY LENDER/LESSOR SUPPORTED FACILITY ISSUED DATE CURRENCY AMOUNT IN U.S.$

New York

Convention David H. Gibson

Center Operating Company Renewable per

Viad Corporation (Exhibitgroup/Giltspur) Performance 09/03/1998 Labor Agrment Unspecified $ 0

L/C

Viad Canadian Imperial Corporate Line

Bank Brewster Transport Co. Visa 6/23/2004 Termination C$ $ 450 $ 330

Wachovia

Bank Loan

and

Viad Corp Employee Guarantee

Viad/ESOP Wachovia Stock Ownership Plan Agreement 6/20/1995 6/30/2009 $ 13,435

Exhibitgroup Wells Fargo Bank Donaldson Exhibit Lease 3/4/2004 4/1/2007 $ 8

Exhibitgroup Wells Fargo Bank St. Thomas Creations Exhibit Lease 3/24/2004 4/1/2007 $ 10

Exhibitgroup Wells Fargo Bank Motorola Exhibit Lease 6/16/2004 7/1/2007 $ 23

Foreign Exchange Rates as of May 31, 2004

6

EXHIBIT D - SCHEDULE 6.15

1. Royal Bank of Scotland Euro Deposit account in the sum of (pound)28,292

(equivalent) - funds held on deposit in favour of Eurotax (our French

Fiscal Representatives) in case of default on our French VAT obligations

2. Swiss TVA guarantee in the sum of (pound)13,592 (equivalent) - funds held

on deposit by Centra Fides (our Swiss Fiscal Representatives) in case of

default on our Swiss VAT obligations

3. Royal Bank of Scotland Deposit account in the sum of (pound)98,000 - funds

held on deposit in favour of RBS in case of default on our credit card

obligations

4. French TVA guarantee in the sum of(pound)31,514 (equivalent) - funds held

on deposit by Eurotax (our French Fiscal Representatives) in case of

default by our stated suppliers in respect of their French VAT obligations

5. Hypothecation of Canadian $450,000 in deposits/money market instruments by

Brewster Transport Company Limited for letters of credit and corporate

Visa account credit line at Canadian Imperial Bank of Commerce

6. Lien in the amount of $900,000 on Viad Corp Vernal, Utah Airport Park

property (36.33 acres listed on Exhibit A of Pledge and Security

Agreement)

7

EXHIBIT 4.B3

AMENDMENT NO.2 TO CREDIT AGREEMENT

This Amendment No. 2 (this "Amendment") is entered into as of December 17,

2004 by and among Viad Corp, a Delaware corporation (the "Borrower"), JPMorgan

Chase Bank, N.A. (successor by merger to Bank One, NA (Illinois)), as Lender and

as Administrative Agent ("Administrative Agent"), and the other financial

institutions signatory hereto.

RECITALS

A. The Borrower, the Administrative Agent and the Lenders are party to

that certain Credit Agreement dated as of June 30, 2004 (as amended, the "Credit

Agreement"). Unless otherwise specified herein, capitalized terms used in this

Amendment shall have the meanings ascribed to them by the Credit Agreement.

B. The Borrower, the Administrative Agent and the Required Lenders wish to

amend the Credit Agreement in connection with Borrower's write off of certain

goodwill related to the Borrower's Exhibitgroup/Giltspur division as of

September 30, 2004 on the terms and conditions set forth below.

Now, therefore, in consideration of the mutual execution hereof and other

good and valuable consideration, the parties hereto agree as follows:

1. Amendment to Credit Agreement. Upon the "Effective Date" (as

defined below), the Credit Agreement shall be amended by deleting Section 6.25.3

in its entirety and replacing it with the following:

6.25.3 Minimum Net Worth. The Borrower will at all times

maintain Consolidated Net Worth of not less than the sum of (i)

$294,945,000 plus (ii) 50% of Consolidated Net Income earned in each

fiscal quarter beginning with the quarter ending December 31, 2004

(without deduction for losses).

2. Representations and Warranties of the Borrower. The Borrower

represents and warrants that:

(a) Each of the representations and warranties contained in

the Credit Agreement is true and correct in all material respects on and

as of the date hereof as if made on the date hereof;

(b) After giving effect to this Amendment, no Default or

Unmatured Default has occurred and is continuing.

3. Effective Date. This Amendment shall become effective upon the

execution and delivery (i) of this Amendment by the Borrower and the Required

Lenders and (ii) the Guarantor's Acknowledgment attached hereto as Exhibit A by

Guarantor ( the "Effective Date").

4. Reference to and Effect Upon the Loan Documents.

(a) Except as specifically amended, the Credit Agreement and

the other Loan Documents shall remain in full force and effect and are

hereby ratified and confirmed.

(b) The execution, delivery and effectiveness of this

Amendment shall not operate as a waiver of any right, power or remedy of

the Administrative Agent or any Lender under the Credit Agreement or any

Loan Document, nor constitute a waiver of any provision of the Credit

Agreement or any Loan Document, except as specifically set forth herein.

Upon the effectiveness of this Amendment, each reference in the Credit

Agreement to "this Agreement", "hereunder", "hereof", "herein" or words of

similar import shall mean and be a reference to the Credit Agreement as

amended hereby.

5. Costs and Expenses. The Borrower hereby affirms its obligation

under Section 9.6 of the Credit Agreement to reimburse the Administrative Agent

for all reasonable costs, internal charges and out-of-pocket expenses paid or

incurred by the Administrative Agent in connection with the preparation,

negotiation, execution and delivery of this Amendment, including but not limited

to the attorneys' fees and time charges of attorneys for the Administrative

Agent with respect thereto.

6. GOVERNING LAW. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED

IN ACCORDANCE WITH THE INTERNAL LAWS (AS OPPOSED TO CONFLICTS OF LAWS

PROVISIONS) OF THE STATE OF NEW YORK BUT GIVING EFFECT TO FEDERAL LAWS

APPLICABLE TO NATIONAL BANKS.

7. Headings. Section headings in this Amendment are included herein

for convenience of reference only and shall not constitute a part of this

Amendment for any other purposes.

8. Counterparts. This Amendment may be executed in any number of

counterparts, each of which when so executed shall be deemed an original but all

such counterparts shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Amendment as of

the date and year first above written.

VIAD CORP

By: /s/ Ellen M. Ingersoll

---------------------------------------------------

Its: Chief Financial Officer

By: /s/ E. A. Newman

---------------------------------------------------

Its: Treasurer

JPMORGAN CHASE BANK, N.A,

(successor by merger to Bank One, NA (Illinois))

as Lender and as Administrative Agent

By: /s/ Stephen C. Price

---------------------------------------------------

Its: Managing Director

WACHOVIA BANK, NATIONAL ASSOCIATION,

as Lender and as Syndication Agent

By: /s/ Kirsten Carver

---------------------------------------------------

Its: Assistant Vice President

BANK OF AMERICA, N.A.,

as Lender and Co-Documentation Agent

By: /s/ Russell McClymont

---------------------------------------------------

Its: Vice President

2

KEYBANK NATIONAL ASSOCIATION,

as Lender and Co-Documentation Agent

By: /s/ Brendan A Lawlor

---------------------------------------------------

Its: Senior Vice President

CALYON NEW YORK BRANCH

By: /s/ Dianne M. Scott

---------------------------------------------------

Its: Managing Director

By: /s/ Frank Herrera

---------------------------------------------------

Its: Director

U.S. BANK NATIONAL ASSOCIATION

By: /s/ Karen Paris

---------------------------------------------------

Its: Senior Vice President

BNP PARIBAS

By: /s/ C. Bettles

---------------------------------------------------

Its: Managing Director

By: /s/ Mitchell M. Ozawa

---------------------------------------------------

Its: Managing Director

WELLS FARGO BANK, NATIONAL

ASSOCIATION

By: /s/ Jason Paulnock

---------------------------------------------------

Its: Vice President

By: /s/ Beth McGinnis

---------------------------------------------------

Its: Senior Vice President

3

EXHIBIT A

GUARANTOR'S ACKNOWLEDGMENT

OF

AMENDMENT NO. 2 TO CREDIT AGREEMENT

The Guarantor hereby acknowledges the terms and conditions of Amendment

No. 2 to the Credit Agreement entered into as of December \_\_, 2004 and hereby

reaffirms its obligations under the Guaranty. Unless otherwise specified herein,

capitalized terms used herein shall have the meanings ascribed to them by the

Credit Agreement dated as of June 30, 2004 and entered into by and among the

Borrower, the Administrative Agent and the Lenders (as amended from time to

time, the "Credit Agreement").

GES EXPOSITION SERVICES, INC.

By: /s/ Ellen M. Ingersoll

---------------------------------------------------

Its: Vice President

By: /s/ E. A. Newman

---------------------------------------------------

Its: Treasurer

A-1

EXHIBIT 10.B

VIAD CORP

1997 OMNIBUS INCENTIVE PLAN

AS AMENDED THROUGH MARCH 14, 2005

SECTION 1. PURPOSE; DEFINITIONS.

The purpose of the Plan is to give the Company a significant advantage in

attracting, retaining and motivating officers, employees and directors and to

provide the Company and its subsidiaries with the ability to provide incentives

more directly linked to the profitability of the Company's businesses and

increases in stockholder value. It is the current intent of the Committee that

the Plan shall replace the 1992 Stock Incentive Plan for purposes of new Awards

and that the Viad Corp Management Incentive Plan, the Viad Corp Performance Unit

Incentive Plan, and the Viad Corp Performance-Based Stock Plan continue under

the auspices of Sections 7 and 8 hereof subject to the discretion of the

Committee under the terms and conditions of this Plan.

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

below:

(a) "AFFILIATE" means a corporation or other entity controlled by the

Company and designated by the Committee as such.

(b) "AWARD" means an award of Stock Appreciation Rights, Stock Options,

Restricted Stock or Performance-Based Awards.

(c) "AWARD CYCLE" will mean a period of consecutive fiscal years or

portions thereof designated by the Committee over which Awards of Restricted

Stock or Performance-Based Awards are to be earned.

(d) "BOARD" means the Board of Directors of the Company.

(e) "CAUSE" means (1) the conviction of a participant for committing a

felony under federal law or the law of the state in which such action occurred,

(2) dishonesty in the course of fulfilling a participant's employment duties or

(3) willful and deliberate failure on the part of a participant to perform his

employment duties in any material respect, or such other events as will be

determined by the Committee. The Committee will have the sole discretion to

determine whether "Cause" exists, and its determination will be final.

(f) "CHANGE IN CONTROL" and "CHANGE IN CONTROL PRICE" have the meanings

set forth in Sections 9(b) and (c), respectively.

(g) "CODE" means the Internal Revenue Code of 1986, as amended from time

to time, and any successor thereto.

(h) "COMMISSION" means the Securities and Exchange Commission or any

successor agency.

(i) "COMMITTEE" means the Committee referred to in Section 2.

(j) "COMMON STOCK" means common stock, par value $1.50 per share, of the

Company.

(k) "COMPANY" means Viad Corp, a Delaware corporation.

(l) "COMPANY UNIT" means any subsidiary, group of subsidiaries, line of

business or division of the Company, as designated by the Committee.

(m) "DISABILITY" means permanent and total disability as determined under

procedures established by the Committee for purposes of the Plan.

(n) "EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended

from time to time, and any successor thereto.

2

(o) "FAIR MARKET VALUE" means, as of any given date, the mean between the

highest and lowest reported sales prices of the Stock on the New York Stock

Exchange Composite Tape or, if not listed on such exchange, on any other

national exchange on which the Stock is listed or on the Nasdaq Stock Market. If

there is no regular public trading market for such Stock, the Fair Market Value

of the Stock will be determined by the Committee in good faith. In connection

with the administration of specific sections of the Plan, and in connection with

the grant of particular Awards, the Committee may adopt alternative definitions

of "Fair Market Value" as appropriate.

(p) "INCENTIVE STOCK OPTION" means any Stock Option intended to be and

designated as an "incentive stock option" within the meaning of Section 422 of

the Code.

(q) "MIP" means the Company's Management Incentive Plan providing annual

cash bonus awards to participating employees based upon predetermined goals and

objectives.

(r) "NET INCOME" means the consolidated net income of the Company

determined in accordance with GAAP before extraordinary, unusual and other

non-recurring items.

(s) "NON-EMPLOYEE DIRECTOR" means a member of the Board who qualifies as a

"Non-Employee Director" as defined in Rule 16b-3(b)(3), as promulgated by the

Commission under the Exchange Act, or any successor definition adopted by the

Commission.

(t) "NON-QUALIFIED STOCK OPTION" means any Stock Option that is not an

Incentive Stock Option.

(u) "PERFORMANCE GOALS" means the performance goals established by the

Committee in connection with the grant of Restricted Stock or Performance-Based

Awards. In the case of Qualified Performance-Based Awards, such goals (1) will

be based on the attainment of specified levels of one or more of the following

measures with respect to the Company or any Company Unit, as applicable:

economic value added, sales or revenues, costs or expenses, net profit after

tax, gross profit, operating profit, base earnings, return on actual or pro

forma equity or net assets or capital, net capital employed, earnings per share,

earnings per share from continuing operations, operating income, pre-tax income,

operating income margin, net income, stockholder return including performance

(total stockholder return) relative to the S&P 500, MidCap 400 or similar index

or performance (total stockholder return) relative to the proxy comparator

group, in both cases as determined pursuant to Rule 402(l) of Regulation S-K

promulgated under the Exchange Act, cash generation, cash flow, unit volume and

change in working capital and (2) will be set by the Committee within the time

period prescribed by Section 162(m) of the Code and related regulations.

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

(w) "PERFORMANCE-BASED RESTRICTED STOCK AWARD" has the meaning set forth

in Section 7(c)(1) hereof.

(x) "PLAN" means the 1997 Viad Corp Omnibus Incentive Plan, As Amended, as

set forth herein and as hereafter amended from time to time.

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

Company.

(z) "QUALIFIED PERFORMANCE-BASED AWARDS" means an Award of Restricted

Stock or a Performance-Based Award designated as such by the Committee at the

time of grant, based upon a determination that (1) the recipient is or may be a

"covered employee" within the meaning of Section 162(m)(3) of the Code in the

year in which the Company would expect to be able to claim a tax deduction with

respect to such Restricted Stock or Performance-Based Award and (2) the

Committee wishes such Award to qualify for the exemption from the limitation on

deductibility imposed by Section 162(m) of the Code that is set forth in Section

162(m)(4)(C).

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

(bb) "RETIREMENT," except as otherwise determined by the Committee, means

voluntary separation of employment, voluntary termination of employment or

voluntary resignation from employment (a) at or after attaining age 55 on

pension or vested to receive pension under a pension plan of the Corporation

upon election, or (b) upon or after attaining

3

age 55 and not less than five years' continuous service with the Corporation or

an affiliate of the Corporation, whether or not vested for pension. Retirement

shall be deemed to occur at the close of business on the last day of the

employee's participation on the payroll of the Corporation whether receiving

compensation for active employment, accrued vacation, salary continuation

(regular way or lump sum) or like employment programs.

(cc) "RULE 16b-3" means Rule 16b-3, as promulgated by the Commission under

Section 16(b) of the Exchange Act, as amended from time to time.

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

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

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

(gg) "TERMINATION OF EMPLOYMENT" means the termination of the

participant's employment with the Company and any subsidiary or Affiliate. A

participant employed by a subsidiary or an Affiliate will also be deemed to

incur a Termination of Employment if the subsidiary or Affiliate ceases to be

such a subsidiary or Affiliate, as the case may be, and the participant does not

immediately thereafter become an employee of the Company or another subsidiary

or Affiliate. Transfers among the Company and its subsidiaries and Affiliates,

as well as temporary absences from employment because of illness, vacation or

leave of absence, will not be considered a Termination of Employment.

In addition, certain other terms used herein have definitions given to

them in the first place in which they are used.

SECTION 2. ADMINISTRATION.

The Plan will be administered by the Human Resources Committee of the

Board pursuant to authority delegated by the Board in accordance with the

Company's By-Laws. If at any time there is no such Human Resources Committee or

such Human Resources Committee shall fail to be composed of at least two

directors each of whom is a Non-Employee Director and is an "outside director"

under Section 162(m)(4) of the Code, the Plan will be administered by a

Committee selected by the Board and composed of not less than two individuals,

each of whom is such a Non-Employee Director and such an "outside director."

The Committee will have plenary authority to grant Awards pursuant to the

terms of the Plan to officers, employees and directors of the Company and its

subsidiaries and Affiliates, but the Committee may not grant MIP Awards larger

than the limits provided in Section 3.

Among other things, the Committee will have the authority, subject to the

terms of the Plan:

(a) to select the officers, employees and directors to whom Awards may

from time to time be granted;

(b) to determine whether and to what extent Incentive Stock Options,

Non-Qualified Stock Options, Stock Appreciation Rights, Restricted Stock and

Performance-Based Awards or any combination thereof are to be granted hereunder;

(c) to determine the number of shares of Stock or the amount of cash to be

covered by each Award granted hereunder;

(d) to determine the terms and conditions of any Award granted hereunder

(including, but not limited to, the option price (subject to Section 5(a)), any

vesting condition, restriction or limitation (which may be related to the

performance of the participant, the Company or any subsidiary, Affiliate or

Company Unit) and any rule concerning vesting acceleration or waiver of

forfeiture regarding any Award and any shares of Stock relating thereto, based

on such factors as the Committee will determine) provided, however, that the

Committee will have no power to accelerate the vesting, or waive the forfeiture,

regarding any Award and any shares of Stock relating thereto, except in

connection with a "change of control" of the Company, the sale of a subsidiary

or majority-owned affiliate of the Company (and then only with respect to

participants employed by each such subsidiary or affiliate), the death or

disability of a participant or termination of

4

employment of a participant, and, further provided, however, that the Committee

will have no power to accelerate the vesting, or waive the forfeiture, of any

Qualified Performance-Based Awards;

(e) to modify, amend or adjust the terms and conditions, at any time or

from time to time, of any Award, including but not limited to Performance Goals;

provided, however, that the Committee may not adjust upwards the amount payable

with respect to any Qualified Performance-Based Award or waive or alter the

Performance Goals associated therewith and provided, further, however, that the

Committee may not reprice Stock Options except for an amount of Stock Options

representing not more than 10% of then outstanding Stock Options;

(f) to determine to what extent and under what circumstances Stock and

other amounts payable with respect to an Award will be deferred; and

(g) to determine under what circumstances a Stock Option may be settled in

cash or Stock under Section 5(j).

The Committee will have the authority to adopt, alter or repeal such

administrative rules, guidelines and practices governing the Plan as it from

time to time deems advisable, to interpret the terms and provisions of the Plan

and any Award issued under the Plan (and any agreement relating thereto) and to

otherwise supervise the administration of the Plan.

The Committee may act only by a majority of its members then in office,

except that the members thereof may (1) delegate to designated officers or

employees of the Company such of its powers and authorities under the Plan as it

deems appropriate (provided that no such delegation may be made that would cause

Awards or other transactions under the Plan to fail to be exempt from Section

16(b) of the Exchange Act or that would cause Qualified Performance-Based Awards

to cease to so qualify) and (2) authorize any one or more members or any

designated officer or employee of the Company to execute and deliver documents

on behalf of the Committee.

Any determination made by the Committee or pursuant to delegated authority

pursuant to the provisions of the Plan with respect to any Award will be made in

the sole discretion of the Committee or such delegates at the time of the grant

of the Award or, unless in contravention of any express term of the Plan, at any

time thereafter. All decisions made by the Committee or any appropriately

delegated officer(s) or employee(s) pursuant to the provision of the Plan will

be final and binding on all persons, including the Company and Plan

participants.

Notwithstanding anything to the contrary in the Plan, the Committee will

have the authority to modify, amend or adjust the terms and conditions of any

Award as appropriate in the event of or in connection with any reorganization,

recapitalization, stock split, stock dividend, combination or exchange of

shares, merger, consolidation or any change in the capital structure of the

Company.

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

(a) Subject to adjustment as provided herein, the number of shares of

Common Stock of the Company available for grant under the Plan in each calendar

year (including partial calendar years) during which the Plan is in effect shall

be equal to two percent (2.0%) of the total number of shares of Common Stock of

the Company outstanding as of the first day of each such year for which the Plan

is in effect; provided that any shares available for grant in a particular

calendar year (or partial calendar year) which are not, in fact, granted in such

year shall be added to the shares available for grant in any subsequent calendar

year.

(b) Subject to adjustment as provided herein, the number of shares of

Stock covered by Awards granted to any one participant will not exceed 500,000

shares for any consecutive twelve-month period and the aggregate dollar amount

for Awards denominated solely in cash will not exceed $5.0 million for any such

period.

(c) In addition, and subject to adjustment as provided herein, no more

than 7.5 million shares of Common Stock will be cumulatively available for the

grant of Incentive Stock Options over the life of the Plan.

(d) Shares subject to an option or award under the Plan may be authorized

and unissued shares or may be "treasury shares." In the event of any merger,

reorganization, consolidation, recapitalization, spin-off, stock dividend, stock

split, extraordinary distribution with respect to the Stock or other change in

corporate structure affecting the Stock, such substitution or adjustments will

be made in the aggregate number and kind of shares reserved for issuance under

the Plan, in

5

the aggregate limit on grants to individuals, in the number, kind, and option

price of shares subject to outstanding Stock Options and Stock Appreciation

Rights, in the number and kind of shares subject to other outstanding Awards

granted under the Plan and/or such other equitable substitutions or adjustments

as may be determined to be appropriate by the Committee or the Board, in its

sole discretion; provided, however, that the number of shares subject to any

Award will always be a whole number.

(e) Awards under the MIP may not exceed in the case of (i) the Company's

Chief Executive Officer, $1.5 million; (ii) a president of any of the Company's

operating companies, whether or not incorporated, $750,000; and (iii) all other

executive officers of the Company individually, $500,000.

SECTION 4. ELIGIBILITY.

Officers, employees and directors of the Company, its subsidiaries and

Affiliates who are responsible for or contribute to the management, growth and

profitability of the business of the Company, its subsidiaries and Affiliates

are eligible to be granted Awards under the Plan.

SECTION 5. STOCK OPTIONS.

Stock Options may be granted alone or in addition to other Awards granted

under the Plan and may be of two types: Incentive Stock Options and

Non-Qualified Stock Options. Any Stock Option granted under the Plan will be in

such form as the Committee may from time to time approve.

The Committee will have the authority to grant any optionee Incentive

Stock Options, Non-Qualified Stock Options or both types of Stock Options (in

each case with or without Stock Appreciation Rights). Incentive Stock Options

may be granted only to employees of the Company and its subsidiaries (within the

meaning of Section 424(f) of the Code). To the extent that any Stock Option is

not designated as an Incentive Stock Option or even if so designated does not

qualify as an Incentive Stock Option, it will be deemed to be a Non-Qualified

Stock Option.

Stock Options will be evidenced by option agreements, the terms and

provisions of which may differ. An option agreement will indicate on its face

whether it is an agreement for an Incentive Stock Option or a Non-Qualified

Stock Option. The grant of a Stock Option will occur on the date the Committee

by resolution selects an individual to be a participant in any grant of a Stock

Option, determines the number of shares of Stock to be subject to such Stock

Option to be granted to such individual and specifies the terms and provisions

of the Stock Option. The Company will notify a participant of any grant of a

Stock Option, and a written option agreement or agreements will be duly executed

and delivered by the Company to the participant.

Anything in the Plan to the contrary notwithstanding, no term of the Plan

relating to Incentive Stock Options will be interpreted, amended or altered nor

will any discretion or authority granted under the Plan be exercised so as to

disqualify the Plan under Section 422 of the Code or, without the consent of the

optionee affected, to disqualify any Incentive Stock Option under such Section

422.

Stock Options granted under the Plan will be subject to the following

terms and conditions and will contain such additional terms and conditions as

the Committee will deem desirable:

(a) OPTION PRICE. The option price per share of Stock purchasable under a

Stock Option will be determined by the Committee and set forth in the option

agreement, and will not be less than the Fair Market Value of the Stock subject

to the Stock Option on the date of grant.

(b) OPTION TERM. The term of each Stock Option will be fixed by the

Committee, but no Incentive Stock Option may be exercisable more than 10 years

after the date the Incentive Stock Option is granted.

(c) EXERCISABILITY. Except as otherwise provided herein, Stock Options

will be exercisable at such time or times and subject to such terms and

conditions as will be determined by the Committee. If the Committee provides

that any Stock Option is exercisable only in installments, the Committee may,

subject to the provisions of Section 2(d) hereof, at any time waive such

installment exercise provisions, in whole or in part, based on such factors as

the Committee may

6

determine. In addition, the Committee may, subject to the provisions of Section

2(d) hereof, at any time accelerate the exercisability of any Stock Option.

(d) METHOD OF EXERCISE. Subject to the provisions of this Section 5, Stock

Options may be exercised, in whole or in part, at any time during the option

term by giving written notice of exercise to the Company specifying the number

of shares of Stock subject to the Stock Option to be purchased.

Such notice must be accompanied by payment in full of the purchase price

by certified or bank check or such other instrument as the Company may accept.

An option agreement may provide that, if approved by the Committee, payment in

full or in part or payment of tax liability, if any, relating to such exercise

may also be made in the form of unrestricted Stock already owned by the optionee

of the same class as the Stock subject to the Stock Option and, in the case of

the exercise of a Non-Qualified Stock Option, Restricted Stock subject to an

Award hereunder which is of the same class as the Stock subject to the Stock

Option (in both cases based on the Fair Market Value of the Stock on the date

the Stock Option is exercised); provided, however, that, in the case of an

Incentive Stock Option, the right to make a payment in the form of already owned

shares of Stock of the same class as the Stock subject to the Stock Option may

be authorized only at the time the Stock Option is granted. In addition, an

option agreement may provide that, in the discretion of the Committee, payment

for any shares subject to a Stock Option or tax liability associated therewith

may also be made by instruction to the Committee to withhold a number of such

shares having a Fair Market Value on the date of exercise equal to the aggregate

exercise price of such Stock Option.

If payment of the option exercise price of a Non-Qualified Stock Option is

made in whole or in part in the form of Restricted Stock, the number of shares

of Stock to be received upon such exercise equal to the number of shares of

Restricted Stock used for payment of the option exercise price will be subject

to the same forfeiture restrictions to which such Restricted Stock was subject,

unless otherwise determined by the Committee.

No shares of Stock will be issued until full payment therefor has been

made. Subject to any forfeiture restrictions that may apply if a Stock Option is

exercised using Restricted Stock, an optionee will have all of the rights of a

stockholder of the Company holding the class or series of Stock that is subject

to such Stock Option (including, if applicable, the right to vote the shares and

the right to receive dividends), when the optionee has given written notice of

exercise, has paid in full for such shares and, if requested, has given the

representation described in Section 12(a).

(e) NONTRANSFERABILITY OF STOCK OPTIONS. (1) No Stock Option will be

transferable by the optionee other than (A) by will or by the laws of descent

and distribution or (B) in the case of a Non-Qualified Stock Option, pursuant to

a qualified domestic relations order (as defined in the Code or Title I of the

Employee Retirement Income Security Act of 1974, as amended, or the rules

thereunder). All Stock Options will be exercisable, during the optionee's

lifetime, only by the optionee or by the guardian or legal representative of the

optionee, it being understood that the terms "holder" and "optionee" include the

guardian and legal representative of the optionee named in the option agreement

and any person to whom a Stock Option is transferred by will or the laws of

descent and distribution or pursuant to a qualified domestic relations order.

(2) Notwithstanding Section 5(e)(1) above, the Committee may grant

Stock Options that are transferable, or amend outstanding Stock Options to make

them transferable, by the optionee (any such Stock Option so granted or amended

a "Transferable Option") to one or more members of the optionee's immediate

family, to partnerships of which the only partners are members of the optionee's

immediate family, or to trusts established by the optionee for the benefit of

one or more members of the optionee's immediate family. For this purpose the

term "immediate family" means the optionee's spouse, children or grandchildren.

Consideration may not be paid for the transfer of a Transferable Option. A

transferee described in this Section 5(e)(2) shall be subject to all terms and

conditions applicable to the Transferable Option prior to its transfer. The

option agreement with respect to a Transferable Option shall set forth its

transfer restrictions, such option agreement shall be approved by the Committee,

and only Stock Options granted pursuant to a stock option agreement expressly

permitting transfer pursuant to this Section 5(e)(2) shall be so transferable.

(f) TERMINATION BY DEATH. If an optionee's employment terminates by reason

of death, any Stock Option held by such optionee may thereafter be exercised, to

the extent then exercisable, or on such accelerated basis as the Committee may

determine, for a period of one year (or such other period as the Committee may

specify in the option agreement) from the date of such death or until the

expiration of the stated term of such Stock Option, whichever period is the

shorter.

7

(g) TERMINATION BY REASON OF DISABILITY. If an optionee's employment

terminates by reason of Disability, any Stock Option held by such optionee may

thereafter be exercised by the optionee, to the extent it was exercisable at the

time of termination, or on such accelerated basis as the Committee may

determine, for a period of three years (or such shorter period as the Committee

may specify in the option agreement) from the date of such termination of

employment or until the expiration of the stated term of such Stock Option,

whichever period is the shorter; provided, however, that if the optionee dies

within such three-year period (or such shorter period), any unexercised Stock

Option held by such optionee will, notwithstanding the expiration of such

three-year (or such shorter) period, continue to be exercisable to the extent to

which it was exercisable at the time of death for a period of 12 months from the

date of such death or until the expiration of the stated term of such Stock

Option, whichever period is the shorter. In the event of termination of

employment by reason of Disability, if an Incentive Stock Option is exercised

after the expiration of the exercise periods that apply for purposes of Section

422 of the Code, such Stock Option will thereafter be treated as a Non-Qualified

Stock Option.

(h) TERMINATION BY REASON OF RETIREMENT. If an optionee's employment

terminates by reason of Retirement, any Stock Option held by such optionee may

thereafter be exercised by the optionee, to the extent it was exercisable at the

time of termination, or on such accelerated basis as the Committee may

determine, for a period of five years (or such shorter period as the Committee

may specify in the option agreement) from the date of such termination of

employment or until the expiration of the stated term of such Stock Option,

whichever period is the shorter; provided, however, that if the optionee dies

within such five-year period (or such shorter period), any unexercised Stock

Option held by such optionee will, notwithstanding such five-year (or such

shorter) period, continue to be exercisable to the extent to which it was

exercisable at the time of death for a period of 12 months from the date of such

death or until the expiration of the stated term of such Stock Option, whichever

period is the shorter. In the event of termination of employment by reason of

Retirement, if an Incentive Stock Option is exercised after the expiration of

the exercise periods that apply for purposes of Section 422 of the Code, such

Stock Option will thereafter be treated as a Non-Qualified Stock Option.

(i) OTHER TERMINATION. Unless otherwise determined by the Committee, if an

optionee incurs a Termination of Employment for any reason other than death,

Disability or Retirement or Cause, any Stock Option held by such optionee will

thereupon terminate, except that such Stock Option, to the extent then

exercisable, or subject to the provisions of Section 2(d) hereof, on such

accelerated basis as the Committee may determine, may be exercised for the

lesser of three months from the date of such Termination of Employment or the

balance of such Stock Option's term; provided, however, that if the optionee

dies within such three-month period, any unexercised Stock Option held by such

optionee will, notwithstanding the expiration of such three-month period,

continue to be exercisable to the extent to which it was exercisable at the time

of death for a period of 12 months from the date of such death or until the

expiration of the stated term of such Stock Option, whichever period is the

shorter. In the event of Termination of Employment, if an Incentive Stock Option

is exercised after the expiration of the exercise periods that apply for

purposes of Section 422 of the Code, such Stock Option will thereafter be

treated as a Non-Qualified Stock Option.

(j) CASHING OUT OF STOCK OPTION. On receipt of written notice of exercise,

the Committee may elect to cash out all or part of the shares of Stock for which

a Stock Option is being exercised by paying the optionee an amount, in cash or

Stock, equal to the excess of the Fair Market Value of the Stock over the option

price times the number of shares of Stock for which the Option is being

exercised on the effective date of such cash-out.

(k) CHANGE IN CONTROL CASH-OUT. Subject to Section 12(h), but

notwithstanding any other provision of the Plan, during the 60-day period from

and after a Change in Control (the "Exercise Period"), unless the Committee

determines otherwise at the time of grant, an optionee will have the right,

whether or not the Stock Option is fully exercisable and in lieu of the payment

of the exercise price for the shares of Stock being purchased under the Stock

Option and by giving notice to the Company, to elect (within the Exercise

Period) to surrender all or part of the Stock Option to the Company and to

receive cash, within 30 days of such notice, in an amount equal to the amount by

which the Change in Control Price per share of Stock on the date of such

election will exceed the exercise price per share of Stock under the Stock

Option (the "Spread") multiplied by the number of shares of Stock granted under

the Stock Option as to which the right granted under this Section 5(k) will have

been exercised.

8

SECTION 6. STOCK APPRECIATION RIGHTS.

(a) GRANT AND EXERCISE. Stock Appreciation Rights may be granted in

conjunction with all or part of any Stock Option granted under the Plan. In the

case of a Non-Qualified Stock Option, such rights may be granted either at or

after the time of grant of such Stock Option. In the case of an Incentive Stock

Option, such rights may be granted only at the time of grant of such Stock

Option. A Stock Appreciation Right will terminate and no longer be exercisable

upon the termination or exercise of the related Stock Option.

A Stock Appreciation Right may be exercised by an optionee in accordance

with Section 6(b) by surrendering the applicable portion of the related Stock

Option in accordance with procedures established by the Committee. Upon such

exercise and surrender, the optionee will be entitled to receive an amount

determined in the manner prescribed in Section 6(b). Stock Options which have

been so surrendered will no longer be exercisable to the extent the related

Stock Appreciation Rights have been exercised.

(b) TERMS AND CONDITIONS. Stock Appreciation Rights will be subject to

such terms and conditions as will be determined by the Committee, including the

following:

(1) Stock Appreciation Rights will be exercisable only at such time

or times and to the extent that the Stock Options to which they relate are

exercisable in accordance with the provisions of Section 5 and this

Section 6;

(2) Upon the exercise of a Stock Appreciation Right, an optionee

will be entitled to receive an amount in cash, shares of Stock or both

equal in value to the excess of the Fair Market Value of one share of

Stock as of the date of exercise over the option price per share specified

in the related Stock Option multiplied by the number of shares in respect

of which the Stock Appreciation Right has been exercised, with the

Committee having the right to determine the form of payment;

(3) Stock Appreciation Rights will be transferable only to permitted

transferees of the underlying Stock Option in accordance with Section

5(e).

SECTION 7. RESTRICTED STOCK.

(a) ADMINISTRATION. Shares of Restricted Stock may be awarded either alone

or in addition to other Awards granted under the Plan. The Committee will

determine the individuals to whom and the time or times at which grants of

Restricted Stock will be awarded, the number of shares to be awarded to any

participant, the conditions for vesting, the time or times within which such

Awards may be subject to forfeiture and any other terms and conditions of the

Awards, in addition to those contained in Section 7(c).

(b) AWARDS AND CERTIFICATES. Shares of Restricted Stock will be evidenced

in such manner as the Committee may deem appropriate, including book-entry

registration or issuance of one or more stock certificates. Except as otherwise

set forth in a Restricted Stock Agreement, any certificate issued in respect of

shares of Restricted Stock will be registered in the name of such participant

and will bear an appropriate legend referring to the terms, conditions, and

restrictions applicable to such Award, substantially in the following form:

"The transferability of this certificate and the shares of stock

represented hereby are subject to the terms and conditions (including

forfeiture) of the 1997 Incentive Plan and a Restricted Stock Agreement.

Copies of such Plan and Agreement are on file at the offices of Viad Corp,

Viad Tower, Phoenix, Arizona."

The Committee may require that the certificates evidencing such shares be held

in custody by the Company until the restrictions thereon have lapsed and that,

as a condition of any Award of Restricted Stock, the participant has delivered a

stock power, endorsed in blank, relating to the Stock covered by such Award.

9

(c) TERMS AND CONDITIONS. Shares of Restricted Stock will be subject to

the following terms and conditions:

(1) The Committee may, prior to or at the time of grant, designate

an Award of Restricted Stock as a Qualified Performance-Based Award, in

which event it will condition the grant or vesting, as applicable, of such

Restricted Stock upon the attainment of Performance Goals. If the

Committee does not designate an Award of Restricted Stock as a Qualified

Performance-Based Award, it may also condition the grant or vesting

thereof upon the attainment of Performance Goals or such other

performance-based criteria as the Committee shall establish (such an

Award, a "Performance-Based Restricted Stock Award"). Regardless of

whether an Award of Restricted Stock is a Qualified Performance-Based

Award or a Performance-Based Restricted Stock Award, the Committee may

also condition the grant or vesting upon the continued service of the

participant. The provisions of Restricted Stock Awards (including the

conditions for grant or vesting and any applicable Performance Goals) need

not be the same with respect to each recipient. The Committee may at any

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

7(c)(10), accelerate or waive, in whole or in part, any of the foregoing

restrictions; provided, however, that in the case of Restricted Stock that

is a Qualified Performance-Based Award, the applicable Performance Goals

have been satisfied.

(2) Subject to the provisions of the Plan and the Restricted Stock

Agreement referred to in Section 7(c)(8), during the period set by the

Committee, commencing with the date of such Award for which such

participant's continued service is required (the "Restriction Period") and

until the later of (A) the expiration of the Restriction Period and (B)

the date the applicable Performance Goals (if any) are satisfied, the

participant will not be permitted to sell, assign, transfer, pledge or

otherwise encumber shares of Restricted Stock.

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

and (2) and the Restricted Stock Agreement, the participant will have,

with respect to the shares of Restricted Stock, all of the rights of a

stockholder of the Company holding the class or series of Stock that is

the subject of the Restricted Stock, including, if applicable, the right

to vote the shares and the right to receive any dividends. If so

determined by the Committee in the applicable Restricted Stock Agreement

and subject to Section 12(f) of the Plan, (A) dividends consisting of

cash, stock or other property (other than Stock) on the class or series of

Stock that is the subject of the Restricted Stock shall be automatically

deferred and reinvested in additional Restricted Stock (in the case of

stock or other property, based on the fair market value thereof, and the

Fair Market Value of the Stock, in each case as of the record date for the

dividend) held subject to the vesting of the underlying Restricted Stock,

or held subject to meeting any Performance Goals applicable to the

underlying Restricted Stock, and (B) dividends payable in Stock shall be

paid in the form of Restricted Stock of the same class as the Stock with

which such dividend was paid and shall be held subject to the vesting of

the underlying Restricted Stock, or held subject to meeting any

Performance Goals applicable to the underlying Restricted Stock.

(4) Except to the extent otherwise provided in the applicable

Restricted Stock Agreement, Section 7(c)(1), 7(c)(2), 7(c)(5) or 9(a)(2),

upon a participant's Termination of Employment for any reason during the

Restriction Period or before any applicable Performance Goals are met, all

shares still subject to restriction will be forfeited by the participant.

(5) Except to the extent otherwise provided in Section 9(a)(2) and

Sections 7(c)(9) and (10), in the event that a participant retires or such

participant's employment is involuntarily terminated (other than for

Cause), the Committee will have the discretion to waive in whole or in

part any or all remaining restrictions (other than, in the case of

Restricted Stock which is a Qualified Performance-Based Award,

satisfaction of the applicable Performance Goals unless the participant's

employment is terminated by reason of death or Disability) with respect to

any or all of such participant's shares of Restricted Stock.

(6) Except as otherwise provided herein or as required by law, if

and when any applicable Performance Goals are satisfied and the

Restriction Period expires without a prior forfeiture of the Restricted

Stock, unlegended certificates for such shares will be delivered to the

participant upon surrender of legended certificates.

(7) Awards of Restricted Stock, the vesting of which is not

conditioned upon the attainment of Performance Goals or other

performance-based criteria, is limited to twenty percent (20%) of the

number of shares of Common Stock of the Corporation available for grant

under the Plan in each calendar year.

10

(8) Each Award will be confirmed by, and be subject to the terms of,

a Restricted Stock Agreement.

(9) Performance-Based Restricted Stock will be subject to a minimum

one-year performance period and Restricted Stock which is not

performance-based will be subject to a minimum three-year vesting period.

(10) There will be no vesting acceleration, or waiver of forfeiture

regarding any Award and any shares of Stock relating thereto, except in

connection with a "change of control" of the Company, the sale of a

subsidiary or majority-owned affiliate of the Company (and then only with

respect to participants employed by each subsidiary or affiliate), the

death or disability of a participant, or termination of employment of a

participant.

SECTION 8. PERFORMANCE-BASED AWARDS.

(a) ADMINISTRATION. Performance-Based Awards may be awarded either alone

or in addition to other Awards granted under the Plan. Subject to the terms and

conditions of the Plan, the Committee shall determine the officers and employees

to whom and the time or times at which Performance-Based Awards will be awarded,

the number or amount of Performance-Based Awards to be awarded to any

participant, whether such Performance-Based Award shall be denominated in a

number of shares of Stock, an amount of cash, or some combination thereof, the

duration of the Award Cycle and any other terms and conditions of the Award, in

addition to those contained in Section 8(b).

(b) TERMS AND CONDITIONS. Performance-Based Awards will be subject to the

following terms and conditions:

(1) The Committee may, prior to or at the time of the grant,

designate Performance-Based Awards as Qualified Performance-Based Awards,

in which event it will condition the settlement thereof upon the

attainment of Performance Goals. If the Committee does not designate

Performance-Based Awards as Qualified Performance-Based Awards, it may

also condition the settlement thereof upon the attainment of Performance

Goals or such other performance-based criteria as the Committee shall

establish. Regardless of whether Performance-Based Awards are Qualified

Performance-Based Awards, the Committee may also condition the settlement

thereof upon the continued service of the participant. The provisions of

such Performance-Based Awards (including without limitation any applicable

Performance Goals) need not be the same with respect to each recipient.

Subject to the provisions of the Plan and the Performance-Based Award

Agreement referred to in Section 8(b)(5), Performance-Based Awards may not

be sold, assigned, transferred, pledged or otherwise encumbered during the

Award Cycle.

(2) Unless otherwise provided by the Committee (A) from time to time

pursuant to the administration of particular Award programs under this

Section 8, such as the Viad Corp Management Incentive Plan, the Viad Corp

Performance Unit Incentive Plan or the Viad Corp Performance-Based Stock

Plan or (B) in any agreement relating to an Award, and except as provided

in Section 8(b)(3), upon a participant's Termination of Employment for any

reason prior to the payment of an Award under this Section 8, all rights

to receive cash or Stock in settlement of the Award shall be forfeited by

the participant.

(3) In the event that a participant's employment is terminated

(other than for Cause), or in the event a participant retires, the

Committee shall have the discretion to waive, in whole or in part, any or

all remaining payment limitations (other than, in the case of Awards that

are Qualified Performance-Based Awards, satisfaction of the applicable

Performance Goals unless the participant's employment is terminated by

reason of death or Disability) with respect to any or all of such

participant's Awards.

(4) At the expiration of the Award Cycle, the Committee will

evaluate the Company's performance in light of any Performance Goals for

such Award, and will determine the extent to which a Performance-Based

Award granted to the participant has been earned, and the Committee will

then cause to be delivered to the participant, as specified in the grant

of such Award: (A) a number of shares of Stock equal to the number of

shares determined by the Committee to have been earned or (B) cash equal

to the amount determined by the Committee to have been earned or (C) a

combination of shares of Stock and cash if so specified in the Award.

(5) No Performance-Based Award may be assigned, transferred, or

otherwise encumbered except, in the event of the death of a participant,

by will or the laws of descent and distribution.

11

(6) Each Award will be confirmed by, and be subject to, the terms of

a Performance-Based Award Agreement.

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

performance period.

SECTION 9. CHANGE IN CONTROL PROVISIONS.

(a) IMPACT OF EVENT. Notwithstanding any other provision of the Plan to

the contrary, in the event of a Change in Control:

(1) Any Stock Options and Stock Appreciation Rights outstanding as

of the date such Change in Control is determined to have occurred and not

then exercisable and vested will become fully exercisable and vested to

the full extent of the original grant;

(2) The restrictions and conditions to vesting applicable to any

Restricted Stock will lapse, and such Restricted Stock will become free of

all restrictions and become fully vested and transferable to the full

extent of the original grant;

(3) Performance-Based Awards will be considered to be earned and

payable to the extent, if any, and in an amount, if any, and otherwise, in

accordance with the provisions of the agreement relating to such Awards.

(b) DEFINITION OF CHANGE OF CONTROL. For purposes of this Plan, a "Change

of Control" shall mean any of the following events:

(1) An acquisition by an individual, entity or group (within the

meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person")

of beneficial ownership (within the meaning of Rule 13d-3 promulgated

under the Exchange Act) of 20% or more of either: (i) the then outstanding

shares of Common Stock of the Corporation (the "Outstanding Corporation

Common Stock") or (ii) the combined voting power of the then Outstanding

Voting Securities of the Corporation entitled to vote generally in the

election of Directors (the "Outstanding Corporation Voting Securities");

excluding, however the following: (A) any acquisition directly from the

Corporation or any entity controlled by the Corporation other than an

acquisition by virtue of the exercise of a conversion privilege unless the

security being so converted was itself acquired directly from the

Corporation or any entity controlled by the Corporation, (B) any

acquisition by the Corporation, or any entity controlled by the

Corporation, (C) any acquisition by any employee benefit plan (or related

trust) sponsored or maintained by the Corporation or any entity controlled

by the Corporation or (D) any acquisition pursuant to a transaction which

complies with clauses (i), (ii) and (iii) of Section 9(b)(3); or

(2) A change in the composition of the Board such that the

individuals who, as of the effective date of the Plan, constitute the

Board (such Board shall be hereinafter referred to as the "Incumbent

Board") cease for any reason to constitute at least a majority of the

Board; provided, however, for purposes of this Section 9(b)(2) that any

individual, who becomes a member of the Board subsequent to the effective

date of the Plan, whose election, or nomination for election by the

Corporation's shareholders, was approved by a vote of at least a majority

of those individuals who are members of the Board and who were also

members of the Incumbent Board, (or deemed to be such pursuant to this

proviso) shall be considered as though such individual were a member of

the Incumbent Board; but provided further, that any such individual whose

initial assumption of office occurs as a result of either an actual or

threatened election contest (as such terms are used in Rule 14a-11 of

Regulation 14A promulgated under the Exchange Act) or other actual or

threatened solicitation of proxies or consents by or on behalf of a Person

other than the Board shall not be so considered as a member of the

Incumbent Board, or

(3) Consummation of a reorganization, merger or consolidation or

sale or other disposition of all or substantially all of the assets of the

Corporation (a "Corporate Transaction") excluding, however, such a

Corporate Transaction pursuant to which (i) all or substantially all of

the individuals and entities who are the beneficial owners, respectively,

of the Outstanding Corporation Common Stock and Outstanding Corporation

Voting Securities immediately prior to such Corporate Transaction (the

"Prior Shareholders") beneficially own, directly or indirectly, more than

60% of, respectively, the outstanding shares of Common Stock and the

combined voting

12

power of the then Outstanding Voting Securities entitled to vote generally

in the election of Directors, as the case may be, of the Corporation or

other entity resulting from such Corporate Transaction (including, without

limitation, a corporation or other entity which as a result of such

transaction owns the Corporation or all or substantially all of the

Corporation's assets either directly or through one or more subsidiaries)

in substantially the same proportions as their ownership, immediately

prior to such Corporate Transaction, of the Outstanding Corporation Common

Stock and Outstanding Corporation Voting Securities, as the case may be,

(ii) no Person (other than the Corporation or any entity controlled by the

Corporation, any employee benefit plan (or related trust) of the

Corporation or any entity controlled by the Corporation or such

corporation or other entity resulting from such Corporate Transaction)

will beneficially owns, directly or indirectly, 20% or more of,

respectively, the outstanding shares of Common Stock of the Corporation or

other entity resulting from such Corporate Transaction or the combined

voting power of the Outstanding Voting Securities of such Corporation or

other entity entitled to vote generally in the election of Directors

except to the extent that such ownership existed prior to the Corporate

Transaction and (iii) individuals who were members of the Incumbent Board

will constitute at least a majority of the members of the Board of

Directors of the Corporation resulting from such Corporate Transaction;

and further excluding any disposition of all or substantially all of the

assets of the Corporation pursuant to a spin-off, split-up or similar

transaction (a "Spin-off") if, immediately following the Spin-off, the

Prior Shareholders beneficially own, directly or indirectly, more than 80%

of the outstanding shares of Common Stock and the combined voting power of

the then Outstanding Voting Securities entitled to vote generally in the

election of directors of both entities resulting from such transaction, in

substantially the same proportions as their ownership, immediately prior

to such transaction, of the Outstanding Corporation Common Stock and

Outstanding Corporation Voting Securities; provided, that if another

Corporate Transaction involving the Corporation occurs in connection with

or following a Spin-off, such Corporate Transaction shall be analyzed

separately for purposes of determining whether a Change of Control has

occurred;

(4) The approval by the stockholders of the Corporation of a

complete liquidation or dissolution of the Corporation.

(c) CHANGE IN CONTROL PRICE. For purposes of the Plan, "Change in Control

Price" means the higher of (1) the highest reported sales price, regular way, of

a share of Stock in any transaction reported on the New York Stock Exchange

Composite Tape or other national exchange on which such shares are listed or on

The Nasdaq Stock Market during the 60-day period prior to and including the date

of a Change in Control or (2) if the Change in Control is the result of a tender

or exchange offer or a Corporate Transaction, the highest price per share of

Stock paid in such tender or exchange offer or Corporate Transaction; provided,

however, that in the case of Incentive Stock Options and Stock Appreciation

Rights relating to Incentive Stock Options, the Change in Control Price will be

in all cases the Fair Market Value of the Stock on the date such Incentive Stock

Option or Stock Appreciation Right is exercised. To the extent that the

consideration paid in any such transaction described above consists all or in

part of securities or other non-cash consideration, the value of such securities

or other non-cash consideration will be determined in the sole discretion of the

Board.

SECTION 10. TERM, AMENDMENT AND TERMINATION.

The Plan will terminate May 31, 2007, but may be terminated sooner at any

time by the Board, provided that no Incentive Stock Options shall be granted

under the Plan after February 19, 2007. Awards outstanding as of the date of any

such termination will not be affected or impaired by the termination of the

Plan.

The Board may amend, alter, or discontinue the Plan, but no amendment,

alteration or discontinuation will be made which would (a) impair the rights of

an optionee under a Stock Option or a recipient of a Stock Appreciation Right,

Restricted Stock Award or Performance-Based Award theretofore granted without

the optionee's or recipient's consent, except such an amendment which is

necessary to cause any Award or transaction under the Plan to qualify, or to

continue to qualify, for the exemption provided by Rule 16b-3, or (b) disqualify

any Award or transaction under the Plan from the exemption provided by Rule

16b-3. In addition, no such amendment may be made without the approval of the

Company's stockholders to the extent such approval is required by law or

agreement.

The Committee may amend the terms of any Stock Option or other Award

theretofore granted, prospectively or retroactively, but no such amendment will

(1) impair the rights of any holder without the holder's consent except such an

amendment which is necessary to cause any Award or transaction under the Plan to

qualify, or to continue to qualify, for the

13

exemption provided by Rule 16b-3 or (2) amend any Qualified Performance-Based

Award in such a way as to cause it to cease to qualify for the exemption set

forth in Section 162(m)(4)(C). The Committee may also substitute new Stock

Options for previously granted Stock Options, including previously granted Stock

Options having higher option prices; provided, however, that the Committee may

take such action only with respect to Stock Options representing not more than

10% of then outstanding Stock Options.

Subject to the above provisions, the Board will have authority to amend

the Plan to take into account changes in law and tax and accounting rules, as

well as other developments and to grant Awards which qualify for beneficial

treatment under such rules without stockholder approval.

SECTION 11. UNFUNDED STATUS OF PLAN.

It is presently intended that the Plan constitute an "unfunded" plan for

incentive and deferred compensation. The Committee may authorize the creation of

trusts or other arrangements to meet the obligations created under the Plan to

deliver Stock or make payments; provided, however, that, unless the Committee

otherwise determines, the existence of such trusts or other arrangements is

consistent with the "unfunded" status of the Plan.

SECTION 12. GENERAL PROVISIONS.

(a) The Committee may require each person purchasing or receiving shares

pursuant to an Award to represent to and agree with the Company in writing that

such person is acquiring any shares without a view to the distribution thereof.

The certificates for such shares may include any legend which the Committee

deems appropriate to reflect any restrictions on transfer.

All certificates for shares of Stock or other securities delivered under

the Plan will be subject to such stock transfer orders and other restrictions as

the Committee may deem advisable under the rules, regulations and other

requirements of the Commission, any stock exchange upon which the Stock is then

listed and any applicable federal or state securities law, and the Committee may

cause a legend or legends to be put on any such certificates to make appropriate

reference to such restrictions.

Notwithstanding any other provision of the Plan or agreements made

pursuant thereto, the Company shall not be required to issue or deliver any

certificate or certificates for shares of Stock under the Plan prior to

fulfillment of all of the following conditions:

(1) Listing or approval for listing upon notice of issuance, of such

shares on the New York Stock Exchange, Inc., or such other securities

exchange as may at the time be the principal market for the Stock;

(2) Any registration or other qualification of such shares of the

Company under any state or federal law or regulation, or the maintaining

in effect of any such registration or other qualification which the

Committee shall, in its absolute discretion upon the advice of counsel,

deem necessary or advisable; and

(3) Obtaining any other consent, approval, or permit from any state

or federal governmental agency which the Committee shall, in its absolute

discretion after receiving the advice of counsel, determine to be

necessary or advisable.

(b) Nothing contained in the Plan will prevent the Company or any

subsidiary or Affiliate from adopting other or additional compensation

arrangements for its employees.

(c) The adoption of the Plan will not confer upon any employee any right

to continued employment nor will it interfere in any way with the right of the

Company or any subsidiary or Affiliate to terminate the employment of any

employee at any time.

(d) No later than the date as of which an amount first becomes includible

in the gross income of the participant for Federal income tax purposes with

respect to any Award under the Plan, the participant will pay to the Company, or

make arrangements satisfactory to the Company regarding the payment of, any

federal, state, local or foreign taxes of any kind required by law to be

withheld with respect to such amount. Unless otherwise determined by the

Company, withholding

14

obligations may be settled with Stock, including Stock that is part of the Award

that gives rise to the withholding requirement. The obligations of the Company

under the Plan will be conditional on such payment or arrangements, and the

Company and its Affiliates will, to the extent permitted by law, have the right

to deduct any such taxes from any payment otherwise due to the participant. The

Committee may establish such procedures as it deems appropriate, including the

making of irrevocable elections, for the settlement of withholding obligations

with Stock.

(e) At the time of grant, the Committee may provide in connection with any

grant made under the Plan that the shares of Stock received as a result of such

grant will be subject to a right of first refusal pursuant to which the

participant will be required to offer to the Company any shares that the

participant wishes to sell at the then Fair Market Value of the Stock, subject

to such other terms and conditions as the Committee may specify at the time of

grant.

(f) The reinvestment of dividends in additional Restricted Stock at the

time of any dividend payment will only be permissible if sufficient shares of

Stock are available under Section 3 for such reinvestment (taking into account

then outstanding Stock Options and other Awards).

(g) The Committee will establish such procedures as it deems appropriate

for a participant to designate a beneficiary to whom any amounts payable in the

event of the participant's death are to be paid or by whom any rights of the

participant, after the participant's death, may be exercised.

(h) Notwithstanding any other provision of the Plan or any agreement

relating to any Award hereunder, if any right granted pursuant to this Plan

would make a Change in Control transaction ineligible for

pooling-of-interests-accounting under APB No. 16 that, but for the nature of

such grant, would otherwise be eligible for such accounting treatment, the

Committee will have the ability, in its sole discretion, to substitute for the

cash payable pursuant to such grant Common Stock with a Fair Market Value equal

to the cash that would otherwise be payable hereunder.

(i) The Plan and all Awards made and actions taken thereunder will be

governed by and construed in accordance with the laws of the State of Delaware.

SECTION 13. EFFECTIVE DATE OF PLAN.

The Plan will be effective on the later of (a) the time it is approved by

the Board and (b) the time certain provisions of the Plan are approved by

stockholders for tax purposes.

SECTION 14. DIRECTOR STOCK OPTIONS.

a) Each director of the Company who is not otherwise an employee of the

Company or any of its subsidiaries or Affiliates, will (1) on the date of his or

her first election as a director of the Company (such initial grant being an

"Initial Grant"), and (2) annually on the fourth Wednesday of February, during

such director's term (the "Annual Grant"), automatically be granted

Non-Qualified Stock Options to purchase Common Stock having an exercise price

per share of Common Stock equal to 100% of Fair Market Value per share of Common

Stock at the date of grant of such Non-Qualified Stock Option. The number of

shares subject to each such Initial Grant, and each such Annual Grant, will be

2,500 shares. A non-employee director who is first elected as a director of the

Company during the course of a year (i.e., on a date other than the date of the

Annual Grant) will, in addition to the Initial Grant, receive upon election a

grant of Non-Qualified Stock Options prorated to reflect the number of months

served in the initial year of service, with the number of shares of Common Stock

subject to such Stock Option being equal to (1) the number of shares subject to

the Initial Grant multiplied by (2) a fraction the numerator of which will be

the number of months from the date of such election through the date of the next

Annual Grant and the denominator of which will be twelve (12).

(b) An automatic director Stock Option will be granted hereunder only if

as of each date of grant the director (1) is not otherwise an employee of the

Company or any of its subsidiaries or Affiliates, (2) has not been an employee

of the Company or any of its subsidiaries or Affiliates for any part of the

preceding fiscal year, and (3) has served on the Board continuously since the

commencement of his term.

(c) Except as expressly provided in this Section 14, any Stock Option

granted hereunder will be subject to the terms and conditions of the Plan as if

the grant were made pursuant to Section 5 hereof including, without limitation,

the rights set forth in Section 5(j) hereof.

EXHIBIT 10.D

VIAD CORP

MANAGEMENT INCENTIVE PLAN

PURSUANT TO THE 1997 VIAD CORP OMNIBUS INCENTIVE PLAN

AS AMENDED MARCH 14, 2005

I. PURPOSE:

The purpose of the Viad Corp Management Incentive Plan (Plan) is to

provide key executives of Viad Corp (Viad) and its subsidiaries with an

incentive to achieve goals as set forth under this Plan for each calendar

year (Plan Year) for their respective companies and to provide effective

management and leadership to that end.

II. PHILOSOPHY:

The Plan will provide key executives incentive bonuses based upon

appropriately weighted pre-defined income and other performance

measurements.

III. SUBSIDIARIES, SUBSIDIARY GROUPS AND DIVISIONS:

A. Each subsidiary, subsidiary group, line of business or division

listed below is a "Company" for the purposes of this Plan:

Name of Company

Brewster Transport Company Limited/Brewster Tours group

Exhibitgroup/Giltspur group

GES Exposition Services, Inc. group

Glacier Park, Inc.

Viad may, by action of its Board of Directors or its Human Resources

Committee, add or remove business units on the list of participant

companies from time to time.

B. FUNDING LIMIT:

A "funding limit" shall be established annually for each Company

participant who has been designated an Executive Officer as defined

under Section 16(b) of the Securities Exchange Act. The funding

limit shall be an amount not to exceed $750,000 in the case of a

President of any Operating Company. The executive cannot be paid a

larger bonus than the funding limit provided by this clause, but may

be paid less in the discretion of the Committee based on the

Performance Goals set forth below and other such factors which the

Committee may consider.

C. PERFORMANCE GOALS:

1. OPERATING OR PRE-TAX INCOME (as calculated for external

reporting purposes):

An appropriate "operating income" or "pre-tax income" target

for the plan year for each Company may be recommended by the

Chief Executive Officer of Viad to the Committee for approval

taking into account overall corporate objectives, historical

income and Plan Year financial plan income (on the same basis

as determined below) and, if appropriate, other circumstances.

Operating or pre-tax income to be used in calculating the

bonus pool of each Company shall mean operating income before

minority interest, interest expense and taxes, after deduction

of corporate overhead, or pre-tax income after minority

interest, in each case adjusted to appropriately exclude the

effects of gains and losses from the sale or other disposition

of capital assets other than vehicles. In addition, an

adjustment to actual operating or pre-tax income will

1

be made for any increase or decrease in cost to a subsidiary

in connection with a change in the actual formula allocation

of corporate overhead over amounts included in the Plan for

the year.

Special treatment of any other significant unusual or

non-recurring items (for purposes of determining actual or

target operating or pre-tax income) arising after a Company's

targets are set may be recommended by the Chief Executive

Officer of Viad to the Committee for approval, including, for

example, appropriate adjustment of operating or pre-tax income

target or actuals to reflect planned effects of an acquisition

approved after target has been set. Other examples include

unusual items or effects of a change in accounting principle.

Incentives to be paid under this Plan must be deducted from

the subsidiary corporation's earnings by the end of the year.

Goals must be achieved after deducting from actual results all

incentive compensation applicable to the year, including those

incentives earned under this Plan.

2. Value Added Measurement:

An appropriate "Value Added" target for the plan year for

certain companies may be recommended by the Chief Executive

Officer of Viad Corp to the Committee for approval. This

measurement is intended to place increased emphasis on

securing an adequate return to Viad on all capital employed in

the business. Viad Value Added (VVA) compares net operating

income to the return required on capital invested in the

business.

In calculating the bonus pool of each applicable Company, VVA

shall mean Net Operating Profit After Taxes (NOPAT is defined

as sales minus operating expenses minus taxes) minus a Capital

Charge calculated by multiplying a Cost of Capital times the

actual Capital (Capital is defined as total assets less

current and other liabilities exclusive of debt). Certain

adjustments are necessary to determine NOPAT and Capital.

3. CASH FLOW:

An appropriate "Cash Flow" target for the plan year for

certain companies may be recommended by the Chief Executive

Officer of Viad Corp to the Committee for approval. This

measurement is intended to place increased emphasis on

delivering available cash to Viad.

Operating Cash Flow is defined as the net change in cash

resulting from the operations of the Company. Cash flows from

operations exclude the impact of investing activities

(acquiring and disposing of investments and productive

long-lived assets) and financing activities (borrowing and

repaying debt, payment of dividends, and treasury stock

repurchases).

4. OTHER PERFORMANCE MEASUREMENTS:

An appropriate number of performance measurements other than

operating or pre-tax income, VVA, and cash flow may be

established for each Company, to place increased emphasis on

areas of importance to achieving overall corporate objectives,

with the Chief Executive Officer of Viad to recommend to the

Committee the measures to be used and, at the end of the year,

the level of achievement against each.

5. REVENUE:

The bonus pool earned will be subject to a further calculation

whereby the total bonus pool otherwise accruable will be

adjusted by 95% (threshold) up to 105% (maximum), depending on

the achievement against the revenue target.

2

6. ESTABLISHING TARGETS:

The targets for revenue, operating or pre-tax income, VVA,

cash flow and for the categories of discretionary performance

measurements to be employed will be established by the

Committee no later than 90 days after the beginning of the

Plan Year after receiving the recommendations of the Chief

Executive Officer of Viad Corp.

D. PARTICIPANT ELIGIBILITY:

The Committee will select the Executive Officers as defined under

Section 16(b) of the Securities Exchange Act eligible for

participation no later than 90 days after the beginning of the Plan

Year. Other personnel will be eligible for participation as

designated by each Company President or Chief Executive Officer and

recommended to the Chief Executive Officer of Viad Corp for

approval, limited only to those executives who occupy a position in

which they can significantly affect operating results as pre-defined

by appropriate and consistent criteria, i.e., base salary not less

than $49,000 per year, or base salary not less than 50% of the

Company's Chief Executive Officer, or position not more than the

third organizational level below the Company Chief Executive Officer

or another applicable criteria.

NOTE: Individuals not qualifying under the criteria established for

the Plan Year who were included in the previous year will be

grandfathered (continue as qualified participants until retirement,

reassignment, or termination of employment) if designated by the

Company President or Chief Executive Officer, and approved by the

Chief Executive Officer of Viad Corp.

E. TARGET BONUSES:

Target bonuses will be approved by the Committee for each Executive

Officer in writing within the following parameters no later than 90

days after the beginning of the Plan Year and will be expressed as a

percentage of salary paid during the year. Target bonuses for other

eligible personnel will be established in writing within the

following parameters subject to approval by the Chief Executive

Officer of Viad Corp.

Actual bonus awards will be dependent on Company performance versus

the targets established. A threshold performance will be required

before any bonus award is earned under the net income goal. Awards

will also be capped when stretch performance levels are achieved.

As a Percentage of Salary

Subsidiary Positions\* Threshold\*\* Target Cap

- ------------------------------------------------ --------- ------ ------

Chief Executive Officer/President 27.5% 55.0% 96.25%

25.0% 50.0% 87.50%

Executive Vice President-Senior Vice President, 22.5% 45.0% 78.75%

and Other Operating Executives 20.0% 40.0% 70.00%

Vice Presidents 17.5% 35.0% 52.50%

15.0% 30.0% 45.00%

Key Management Reporting to Officers 12.5% 25.0% 31.25%

10.0% 20.0% 25.00%

Staff Professionals 7.5% 15.0% 18.75%

5.0% 10.0% 12.50%

\* Target Bonus, as determined by the Committee, is dependent upon

organization reporting relationships.

\*\* Reflects minimum achievement of all performance targets. Threshold could

be lower if minimum achievement of only one performance target is met.

3

F. BONUS POOL TARGET:

1. The "Bonus Pool Target" will be initially established no later

than 90 days after the beginning of the Plan Year and will be

adjusted to equal the sum of the target bonuses of all

designated participants in each Company based upon actual Plan

Year salaries, as outlined in paragraph D above, plus 15% for

Special Achievement Awards.

2. The bonus pool will accrue in accordance with the Bonus Pool

Accrual Formula recommended by the Chief Executive Officer of

Viad Corp and approved by the Committee.

3. Bonus pool accruals not paid out shall not be carried forward

to any succeeding year.

G. INDIVIDUAL BONUS AWARDS:

1. Indicated bonus awards will be equal to the product of the

target bonus percentage times the weighted average percentage

of bonus pool accrued as determined in paragraph F above times

the individual's actual base salary earnings during the Plan

Year, subject to adjustments as follows:

a) discretionary upwards or downward adjustment of formula

bonus awards by the Committee after considering the

recommendation of the Company President or Chief

Executive Officer with the approval of the Chief

Executive Officer of Viad Corp for those executives not

affected by Section 162(m) of the Internal Revenue Code,

and

b) discretionary downward adjustment of awards by the

Committee for those Executive Officers affected by

Section 162(m) of the Internal Revenue Code, and

c) no individual award may exceed the individual's capped

target award or the funding limit with respect to

Executive Officers, and the aggregate recommended

bonuses may not exceed the bonus pool accrued for other

than Special Achievement Awards.

2. Bonuses awarded to the participating management staff of

subsidiary groups may be paid from funds accrued based upon

the target bonus for such participant(s) times the weighted

average performance of the Companies in the subsidiary group,

subject to adjustments as above.

IV. VIAD CORP CORPORATE STAFF:

A. FUNDING LIMIT:

A "funding limit" shall be established annually for each Corporate

participant who has been designated an Executive Officer as defined

under Section 16(b) of the Securities Exchange Act. The funding

limit will be an amount not to exceed in the case of (i) the

Company's Chief Executive Officer, $1.5 million; and (ii) all other

Executive Officers of the Company individually, $500,000. The

executive cannot be paid a larger bonus than the funding limit

provided by this clause, but may be paid less in the discretion of

the Committee based on the Performance Goals set forth below and

such other factors which the Committee may consider.

B. PERFORMANCE GOALS:

1. INCOME PER SHARE:

An appropriate "income per share" from continuing operations

target for Viad Corp may be recommended by the Chief Executive

Officer of Viad Corp to the Committee for approval after

considering historical income per share from continuing

operations, Plan Year financial plan income, overall corporate

objectives, and, if appropriate, other circumstances.

4

Income per share from continuing operations is determined

before unusual or extraordinary items, effects of changes in

accounting principles or a change in federal income tax rates

after the target has been set. Reclassification of a major

business unit to discontinued operations status after targets

have been set would also require adjustment because of the

effect on continuing operations results. While gains on

disposition of a business would normally not be included in

determining actual Plan Year net income or income per share,

in the event of the sale of a subsidiary or major business

unit, a portion of gain would be included equal to the

difference between the sold unit's planned net income for the

year and actual results to date of sale plus calculated

interest savings on proceeds for the balance of the year, so

that actual results are not penalized for selling a business.

Incentives to be paid under this Plan must be deducted from

Viad's earnings by the end of the year. Goals must be achieved

after deducting from actual results all incentive compensation

applicable to the year, including those incentives earned

under this Plan.

2. OPERATING INCOME:

An appropriate "operating income" may be recommended by the

Chief Executive Officer of Viad Corp to the Committee for

approval.

Operating income is defined as operating income before

minority interest, interest expense, interest income, and

taxes, excluding unallocated corporate overhead expenses,

unusual, non-cash charges (such as goodwill impairments and

restructuring charges), and spin-off related costs.

3. VALUE ADDED MEASUREMENT:

An appropriate "Value Added" target for the plan year for

Corporate may be recommended by the Chief Executive Officer of

Viad for approval by the Human Resources Committee. This

measurement is intended to place increased emphasis on

securing an adequate return to Viad on all capital employed in

the business. Viad Value Added (VVA) compares operating income

to the return required on capital invested in the business.

In calculating the bonus pool for Corporate, VVA shall mean

Net Operating Profit After Taxes (NOPAT is defined as sales

minus operating expenses minus taxes) minus a Capital Charge

calculated by multiplying a Cost of Capital times the actual

Capital (Capital is defined as total assets less current and

other liabilities exclusive of debt). Certain adjustments are

necessary to determine NOPAT and Capital.

4. CASH FLOW:

An appropriate "Cash Flow" target for the plan year for

certain companies may be recommended by the Chief Executive

Officer of Viad Corp to the Committee for approval. This

measurement is intended to place increased emphasis on

delivering available cash to Viad.

Operating Cash Flow is defined as the net change in cash

resulting from the operations of the Company. Cash flows from

operations exclude the impact of investing activities

(acquiring and disposing of investments and productive

long-lived assets) and financing activities (borrowing and

repaying debt, payment of dividends, and treasury stock

repurchases).

5. OTHER PERFORMANCE MEASUREMENTS:

An appropriate number of performance measurements other than

income per share will be established for Corporate, with the

Chief Executive Officer of Viad to recommend to the Committee

the level of achievement against each of the measures.

5

6. REVENUE:

The bonus pool earned will be subject to a further calculation

whereby the total bonus pool otherwise accruable will be

adjusted by 95% (threshold) up to 105% (maximum) depending on

the achievement against the revenue target.

7. ESTABLISHING TARGETS:

The actual targets for revenue, income per share, cash flow,

operating income, VVA and for the performance measurements to

be used will be established by the Committee no later than 90

days after the beginning of the Plan Year after receiving the

recommendations of the Chief Executive Officer of Viad Corp.

C. PARTICIPANT ELIGIBILITY:

The Committee will select the Executive Officers as defined under

Section 16(b) of the Securities Exchange Act eligible for

participation no later than 90 days after the beginning of the Plan

Year. Other personnel will be eligible for participation as

recommended by the appropriate staff Vice President and as approved

by the Chief Executive Officer of Viad Corp, limited only to those

executives who occupy a position in which they can significantly

affect operating results as defined by the following criteria:

a) Salary grade 25 and above; and

b) Not more than Organizational Level Four below the Chief

Executive Officer.

NOTE: Individuals not qualifying under the criteria established for

the Plan Year who were included in the previous year will be

grandfathered (continue as qualified participants until retirement,

reassignment, or termination of employment) if designated by the

appropriate Vice President and approved by the Chief Executive

Officer of Viad Corp.

D. TARGET BONUSES:

Target bonuses will be approved by the Committee for each Executive

Officer in writing within the following parameters no later than 90

days after the beginning of the Plan Year and will be expressed as a

percentage of salary. Target bonuses for other eligible personnel

will be established in writing within the following parameters

subject to approval by the Chief Executive Officer of Viad Corp.

Actual bonus awards will be dependent on Company performance versus

the targets established. A threshold performance will be required

before any bonus award is earned under the income per share goal.

Awards also will be capped when stretch performance levels are

achieved.

6

As a Percentage of Salary

Corporate Positions Threshold\*\* Target Cap

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Chairman, President & Chief Executive

Officer 45.0% 90.0% 157.50%

Senior Advisory Group 27.5% 55.0% 96.25%

25.0% 50.0% 87.50%

22.5% 45.0% 78.75%

Corporate Staff Officers 20.0% 40.0% 70.00%

Staff Directors\* 17.5% 35.0% 52.50%

15.0% 30.0% 45.00%

12.5% 25.0% 31.25%

Staff Professionals\* 10.0% 20.0% 25.00%

7.5% 15.0% 18.75%

\* Target Bonus, as determined by the Committee, is dependent upon

organization reporting relationships.

\*\* Reflects minimum of achievement of all performance targets. Threshold

could be lower if minimum achievement of only one performance target is

met.

E. BONUS POOL TARGET:

1. The "Bonus Pool Target" will be established no later than 90

days after the beginning of the Plan Year and will be adjusted

to equal the sum of the target bonuses of all qualified

participants based upon actual Plan Year base salaries, as

outlined in paragraph C above, plus 15% for Special

Achievement Awards.

2. The bonus pool will accrue in accordance with the Bonus Pool

Accrual Formula recommended by the Chief Executive Officer of

Viad Corp and approved by the Committee.

3. Bonus pool accruals not paid out shall not be carried forward

to any succeeding year.

F. INDIVIDUAL BONUS AWARDS:

Indicated bonus awards will be equal to the product of the target

bonus percentage times the weighted average percentage of bonus pool

accrued as determined in paragraph D above times the individual's

actual Plan Year base salary earnings, subject to adjustments as

follows:

a) discretionary upward or downward adjustment of formula

awards by the Committee after considering the

recommendations of the Chief Executive Officer of Viad

Corp for those executives not affected by Section 162(m)

of the Internal Revenue Code,

b) discretionary downward adjustment of awards by the

Committee for those Executive Officers affected by

Section 162(m) of the Internal Revenue Code, and

c) no individual award may exceed the individual's capped

target award or the funding limit with respect to

Executive Officers and the aggregate recommended bonuses

may not exceed the bonus pool for other than Special

Achievement Awards.

7

V. REPAYMENT PROVISIONS:

A. NON-COMPETE:

Unless a Change of Control (as defined in the Viad Corp Omnibus

Incentive Plan, as amended) shall have occurred after the date

hereof:

1. In order to better protect the goodwill of Viad and its

Affiliates (as defined in the Plan) and to prevent the

disclosure of Viad's or its Affiliates' trade secrets and

confidential information and thereby help insure the long-term

success of the business, each participant in this Plan,

without prior written consent of Viad, will not engage in any

activity or provide any services, whether as a director,

manager, supervisor, employee, adviser, agent, consultant,

owner of more than five (5) percent of any enterprise or

otherwise, for a period of two (2) years following the date of

such participant's termination of employment with Viad or any

of its Affiliates, in connection with the manufacture,

development, advertising, promotion, design, or sale of any

service or product which is the same as or similar to or

competitive with any services or products of Viad or its

Affiliates (including both existing services or products as

well as services or products known to such participant, as a

consequence of such participant's employment with Viad or one

of its Affiliates, to be in development):

a) with respect to which such participant's work has been

directly concerned at any time during the two (2) years

preceding termination of employment with Viad or one of

its Affiliates, or

b) with respect to which during that period of time such

participant, as a consequence of participant's job

performance and duties, acquired knowledge of trade

secrets or other confidential information of Viad or its

Affiliates.

2. For purposes of the provisions of paragraph V A, it shall be

conclusively presumed that a participant in this Plan has

knowledge of information he or she was directly exposed to

through actual receipt or review of memos or documents

containing such information, or through actual attendance at

meetings at which such information was discussed or disclosed.

3. If, at any time within two (2) years following the date of a

participant's termination of employment with Viad or any of

its Affiliates, such participant engages in any conduct agreed

to be avoided in accordance with paragraph V A, then all

bonuses paid under this Plan to such participant during the

last 12 months of employment shall be returned or otherwise

repaid by such participant to Viad. Participants in this Plan

consent to the deduction from any amounts Viad or any of its

Affiliates owes to such participants to the extent of the

amounts such participants owe Viad hereunder.

B. MISCONDUCT:

Unless a Change of Control shall have occurred after the date

hereof, all bonuses paid for 2003 and thereafter under this Plan to

any participant shall be returned or otherwise repaid by such

participant to Viad, if Viad reasonably determines that during a

participant's employment with Viad or any of its Affiliates:

a) such participant knowingly participated in misconduct

that causes a misstatement of the financial statements

of Viad or any of its Affiliates or misconduct which

represents a material violation of any code of ethics of

Viad applicable to such participant or of the Always

Honest compliance program or similar program of Viad; or

b) such participant was aware of and failed to report, as

required by any code of ethics of Viad applicable to

such participant or by the Always Honest compliance

program or similar program of Viad, misconduct that

causes a misstatement of the financial statements of

Viad or any of its Affiliates or misconduct which

represents a material knowing violation of any code of

ethics of Viad applicable to such participant or of the

Always Honest compliance program or similar program of

Viad.

8

Participants in this Plan consent to the deduction from any amounts

Viad or any of its Affiliates owes to such participants to the

extent of the amounts such participants owe Viad hereunder.

C. ACTS CONTRARY TO VIAD:

Unless a Change of Control shall have occurred after the date

hereof, if Viad reasonably determines that at any time within two

(2) years after the award of any bonus under this Plan to a

participant that such participant has acted significantly contrary

to the best interests of Viad, including, but not limited to, any

direct or indirect intentional disparagement of Viad, then any bonus

paid under this Plan to such participant during the prior 2-year

period shall be returned or otherwise repaid by the participant to

Viad. Participants in this Plan consent to the deduction from any

amounts Viad or any of its Affiliates owes to such participants to

the extent of the amounts such participants owe Viad hereunder.

D. The Corporation's reasonable determination required under paragraphs

V B and V C shall be made by the Human Resources Committee of the

Corporation's Board of Directors, in the case of executive officers

of the Corporation, and by the Chief Executive Officer and Corporate

Compliance Officer of the Corporation, in the case of all other

officers and employees.

VI. SPECIAL ACHIEVEMENT AWARDS:

Special bonuses of up to 15% of base salary for exceptional performance to

employees (primarily exempt employees) who are not participants in this

Plan, including newly hired employees, may be recommended at the

discretion of the Chief Executive Officer to the Committee from the

separate funds for discretionary awards provided for under paragraphs III

F and IV E.

VII. APPROVAL AND DISTRIBUTION:

The individual incentive bonus amounts and the terms of payment thereof

will be fixed following the close of the Plan Year by the Committee. Any

award made under this Plan is subject to the approval of this Plan by the

stockholders of Viad Corp.

VIII. COMPENSATION ADVISORY COMMITTEE:

The Compensation Advisory Committee is appointed by the Chief Executive

Officer of Viad Corp to assist the Committee in the implementation and

administration of this Plan. The Compensation Advisory Committee shall

propose administrative guidelines to the Committee to govern

interpretations of this Plan and to resolve ambiguities, if any, but the

Compensation Advisory Committee will not have the power to terminate,

alter, amend, or modify this Plan or any actions hereunder in any way at

any time.

IX. SPECIAL COMPENSATION STATUS:

All bonuses paid under this Plan shall be deemed to be special

compensation and, therefore, unless otherwise provided for in another plan

or agreement, will not be included in determining the earnings of the

recipients for the purposes of any pension, group insurance or other plan

or agreement of a Company or of Viad Corp. Participants in this Plan shall

not be eligible for any contractual or other short-term (sales,

productivity, etc.) incentive plan except in those cases where

participation is weighted between this Plan and any such other short-term

incentive plan.

X. DEFERRALS:

Participants subject to taxation of income by the United States may submit

to the Committee, prior to November 15 of the year in which the bonus is

being earned a written request that all or a portion, but not less than a

specified minimum, of their bonus awards to be determined, if any, be

irrevocably deferred substantially in accordance with the terms and

conditions of a deferred compensation plan approved by the Board of

Directors of Viad Corp or, if applicable, one of its subsidiaries.

Participants subject to taxation of income by other jurisdictions may

submit to the Committee a written request that all or a portion of their

9

bonus awards be deferred in accordance with the terms and conditions of a

plan which is adopted by the Board of Directors of a participant's

Company. Upon the receipt of any such request, the Committee thereunder

shall determine whether such request should be honored in whole or part

and shall forthwith advise each participant of its determination on such

request.

XI. PLAN TERMINATION:

This Plan shall continue in effect until such time as it may be canceled

or otherwise terminated by action of the Board of Directors of Viad Corp

and will not become effective with respect to any Company unless and until

its Board of Directors adopts a specific plan for such Company. While it

is contemplated that incentive awards from the Plan will be made, the

Board of Directors of Viad Corp, or any other Company hereunder, may

terminate, amend, alter, or modify this Plan at any time and from time to

time. Participation in the Plan shall create no right to participate in

any future year's Plan.

XII. EMPLOYEE RIGHTS:

No participant in this Plan shall be deemed to have a right to any part or

share of this Plan, except as provided in Paragraph XIII. This Plan does

not create for any employee or participant any right to be retained in

service by any Company, nor affect the right of any such Company to

discharge any employee or participant from employment. Except as provided

for in administrative guidelines, a participant who is not an employee of

Viad Corp or one of its subsidiaries on the date bonuses are paid will not

receive a bonus payment.

XIII. EFFECT OF CHANGE OF CONTROL:

Notwithstanding anything to the contrary in this Plan, in the event of a

Change of Control (as defined in the 1997 Viad Corp Omnibus Incentive

Plan) each participant in the Plan shall be entitled to a prorata bonus

award calculated on the basis of achievement of performance goals through

the date of the Change of Control.

XIV. EFFECTIVE DATE:

The Plan shall be effective January 1, 1997, provided however, that any

award made under this Plan is subject to the approval of the 1997 Viad

Corp Omnibus Incentive Plan by the stockholders of Viad Corp.

10

EXHIBIT 10.J4

AMENDMENT 3 TO THE VIAD CORP SUPPLEMENTAL PENSION PLAN

WHEREAS, the Viad Corp Supplemental Pension Plan (the "Plan") was amended and

restated on January 1, 2001; and

WHEREAS, the Plan was amended on May 8, 2003 to clarify the administration of

the Plan and amended a second time on March 30, 2004 to carry out certain terms

in connection with the spin-off of Viad Corp's global payment services business

and to update the Plan for the freeze of the Viad Corp Retirement Income Plan;

and

WHEREAS, The Board of Directors wishes to amend the Plan so as to freeze

Credited Service for Schedule B participants as of June 30, 2004;

NOW, THEREFORE, the Plan is hereby amended effective June 30, 2004 as follows:

1. Article 2 entitled "Definitions" is hereby amended by adding the

following sentence at the end of Paragraph (c) entitled "Credited

Service":

"Notwithstanding anything herein to the contrary, for Eligible

Employees listed under Schedule B, Credited Service shall be frozen

as of June 30, 2004 and no further Credited Service shall be

recognized for any periods on or after June 30, 2004. Nothing herein

shall be construed to relieve MoneyGram International, Inc. of any

continuing obligations assumed with respect to the Viad Corp

Supplemental Plan as specified in that certain Employee Benefits

Agreement by and among Viad Corp, MoneyGram International, Inc. and

Travelers Express Company, Inc."

2. Except as amended above, the Plan as in effect prior to this

amendment shall continue unchanged.

Effective June 30, 2004.

By: /s/ G. Michael Latta

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Title: Vice President-Controller

EXHIBIT 10.N1

RETIREMENT PLAN FOR MANAGEMENT EMPLOYEES

OF

BREWSTER TRANSPORT COMPANY LIMITED

December 2000

FOREWORD

Effective April 15, 1982, the Canadian Greyhound Employees Retirement Income

Plan was amended to provide for the participation of designated Employees of

Brewster Transport Company Limited.

Effective May 31, 1996 those designated Employees of Brewster Transport Company

Limited who were Members of the Canadian Greyhound Employees Retirement Income

Plan (the "Prior Plan") terminated membership in said plan and became Members of

the Retirement Plan for Management Employees of Brewster Transport Company

Limited, effective June 1, 1996.

For the purpose of determining the eligibility and the amount of benefits under

the Retirement Plan for Management Employees of Brewster Transport Company

Limited (the "Plan"), Continuous Service and Credited Service under the Prior

Plan shall be recognized. In no event will benefits accrued to May 31, 1996 with

respect to membership in the Prior Plan be less under this Plan.

Appropriate assets with respect to benefits accrued prior to May 31, 1996, as

determined by an Actuary and approved by government regulatory authorities, were

transferred from the pension Fund of the Prior Plan to the pension fund of this

Plan.

The Plan has been amended from time to time thereafter and effective January 1,

2000 it is amended and restated to allow Members to make money purchase

contributions for the purpose of enhancing their benefits under the Plan and to

reflect the merger of The Pension Plan for the Employees of Banff Lifts Ltd.

(the "Banff Lifts Plan") into the Plan. The benefits for members of the Banff

Lifts Plan for service to December 31 will be determined pursuant to the terms

of the Banff Lifts Plan as it read on December 31, 1999 and the benefits of the

members for service after December 31, 1999 will be based on the provisions of

this Plan. The terms of the Banff Lifts Plan on December 31, 1999 are attached

as Appendix A.

Effective February 1, 2000, Banff Lifts Ltd. amalgamated with Cascade Holdings

(Banff) Inc. to form Brewster Inc. Effective on that date, employees of Banff

Lifts Ltd. became employees of Banff Sulphur Mountain Gondola an operating

division of Brewster Inc.

Except as otherwise required by applicable legislation, the rights and

entitlements of any Member who retired, died or otherwise terminated employment

before January 1, 2000 shall be governed by the terms of the Plan as in effect

at the date of termination of employment.

The Plan, as contained herein, is subject to continued registration with Revenue

Canada so that the Company is entitled to deduct its contributions as expenses

under the Income Tax Act or any other applicable tax laws.

RETIREMENT PLAN FOR MANAGEMENT EMPLOYEES

OF

BREWSTER TRANSPORT COMPANY LIMITED

TABLE OF CONTENTS

ARTICLE TITLE PAGE

- ------- ------------------------------------ ----

1 Definitions 1

2 Eligibility And Participation 4

3 Service 5

4 Retirement 7

5 Pension Formula 8

6 Retirement Pension 10

7 Termination Of Employment 13

8 Normal And Optional Forms Of Pension 15

9 Benefits On Death 17

10 Limitations On Benefits 19

11 Indexing Adjustments 20

12 Funding 22

13 Company Contributions 23

14 Member Contributions 24

15 Administration 25

16 Disclosure 27

17 Future Of The Plan 28

18 Miscellaneous Provisions 30

Appendix A Banff Lifts Plan 32

ARTICLE 1

DEFINITIONS

Wherever used in this Plan, the following terms will have the meanings given

below unless the context clearly indicates otherwise.

1.01 "ACT" means the Employment Pension Plans Act of Alberta and any future

legislation amending, supplementing, superseding or incorporating it, and

any regulations issued pursuant to it or such other provincial pension

benefits legislation as may be applicable to a Member in the

circumstances.

1.02 "ACTUARIAL EQUIVALENT" means a benefit of equal value computed on an

actuarial basis that is consistent with the basis applicable to the

calculation of a Commuted Value in respect of the Member, as recommended

by the Actuary and approved by the Company, subject to the Act.

1.03 "ACTUARY" means the actuary appointed by the Company for the purposes of

the Plan. Such actuary must be a fellow of the Canadian Institute of

Actuaries.

1.04 "ANCILLARY VALUE" means the value determined pursuant to Section 5.04.

1.05 "BANFF LIFTS MEMBER" means a Member who was participating in the Banff

Lifts Plan on December 31, 1999 and who became a Member of this Plan

effective January 1, 2000.

1.06 "BANFF LIFTS PENSION" means the pension determined by reference to Section

5.05.

1.07 "BANFF LIFTS PLAN" means the Pension Plan for the Employees of Banff Lifts

Ltd. as it read on December 31, 1999.

1.08 "BENEFICIARY" of a Member means the person designated pursuant to Section

9.06.

1.09 "COMMUTED VALUE" of a benefit means the present lump sum value of the

benefit determined on an actuarial basis which does not distinguish on the

basis of sex, using the methods and assumptions adopted by the Company,

subject to the Act and the Income Tax Rules.

1.10 "COMPANY" means Brewster Transport Company Limited and associated

subsidiaries. The term "Company" as used in Article 15 regarding

administration and Article 17 regarding the power to amend or terminate

the Plan means Brewster Transport Company Limited only and does not

include any associated subsidiaries.

1.11 "CONTINUOUS SERVICE" means service determined pursuant to Section 3.01.

1.12 "CREDITED RETURN" in respect of Money Purchase Contributions means the

rate of return earned by the applicable portion of the Pension Fund (net

of expenses) in which the contribution is invested from the date of

contribution until the date of computation.

1.13 "CREDITED SERVICE" means service credited pursuant to Section 3.02, 303,

3.04 and 3.05.

1.14 "DEFINED BENEFIT ACCOUNT" means the account established within the Pension

Fund pursuant to Section 12.01(a).

-1-

1.15 "DEFINED BENEFIT PENSION" means the pension determined by reference to

Section 5.03.

1.16 "EARLY RETIREMENT DATE" of a Member means the date determined pursuant to

Section 4.02.

1.17 "EARNINGS" of a Member means basic salary or wages paid to the Member by

the Company and will exclude overtime pay, bonuses and any other

additional remuneration or taxable benefits. For the purposes of any

applicable benefit calculations, it will be assumed that a Disabled Member

receives Earnings at the same rate as was in effect on the date of his

Total Disability and a Member on a Leave of Absence receives Earnings at

the same rate as was in effect on the date that the Leave of Absence

commenced.

1.18 "EMPLOYEE" means a person who is employed by Brewster Transport Company

Ltd. and is designated by the Company as being employed in a managerial or

supervisory capacity ("BREWSTER TRANSPORT EMPLOYEE"); or between January

1, 2000 and January 31, 2000 inclusive a person who is employed by Banff

Lifts Ltd., and effective February 1, 2000 and after a person employed in

the Banff Sulphur Mountain Gondola division of Brewster Inc. ("BANFF

GONDOLA EMPLOYEE")

1.19 "HIGHEST AVERAGE EARNINGS" of a Member means the average of the Member's

highest annual Earnings in any three (3) calendar years of Credited

Service, including Compensation in any calendar years of Continuous

Service under the Banff Lifts Plan, determined as at the date of

termination of Continuous Service, death, retirement, Plan termination,

whichever occurs first. For Members with less than three (3) calendar

years of Credited Service, Highest Average Earnings means the aggregate of

the Member's monthly Earnings received while an Employee divided by the

number of months of his Credited Service.

For the sole purpose of determining Highest Average Earnings, the Earnings

of a Member who is employed on a less than full-time basis, shall be

annualized for each Plan Year of less than full-time employment. To

annualize such a Member's Earnings, the actual Earnings received by the

Member while employed on a less than full-time basis in the Plan Year

shall be multiplied by the ratio of the hours regularly scheduled to be

worked by full-time Members to the Member's actual hours worked on a less

than full-time basis in the Plan Year.

1.20 "FUNDING AGENT" means the trust company or insurance company appointed by

the Company pursuant to Section 12.01 for the purpose of holding and

administering the Pension Fund.

1.21 "FUNDING AGREEMENT" means an agreement between the Company and a Funding

Agent pursuant to Section 12.01.

1.22 "INCOME TAX RULES" means the provisions of the Income Tax Act of Canada

and the Regulations thereunder.

1.23 "LEAVE OF ABSENCE" means a period of temporary suspension of employment

not exceeding twenty-six (26) weeks. It shall also mean a temporary period

of suspension of employment not exceeding twenty-six (26) weeks where a

Member is on maternity leave.

1.24 "MEMBER" means a person who has enrolled in the Plan pursuant to Article 2

and who is entitled to receive a benefit under the Plan. "ACTIVE MEMBER"

means a Member who is an Employee other than a Disabled Member or

Suspended Member. "DEFERRED MEMBER" means a Member who is no longer an

Employee and who is entitled to receive a deferred pension pursuant to

Article 7. "DISABLED MEMBER" means a Member

-2-

who is Totally Disabled and is accruing benefits under the Plan pursuant

to Section 3.03. "RETIRED MEMBER" means a Member who is receiving a

pension pursuant to the terms of the Plan.

1.25 "MONEY PURCHASE ACCOUNT" of a Member means the account established in his

name pursuant to Section 12.01(b).

1.26 "MONEY PURCHASE CONTRIBUTIONS" means the contributions made by the Member

pursuant to Section 14.01.

1.27 "MONEY PURCHASE PENSION" means a pension determined by reference to

Section 5.02.

1.28 "MP FACTOR" means the factor determined pursuant to Section 5.02.

1.29 "NORMAL RETIREMENT DATE" of a Member means the first day of the month

coincident with or next following the Member's 65th birthday.

1.30 "PENSION FUND" means all sums of money and other property acquired by the

Funding Agent to hold for the purposes of this Plan, and all earnings and

profits thereon, and proceeds, investments and reinvestments thereof, less

payments made by the Funding Agent from the said fund as authorized

herein.

1.31 "PLAN" means the Retirement Plan for Management Employees of Brewster

Transport Company Limited, as set forth in this document and as the same

may be amended from time to time.

1.32 "PLAN YEAR" means June 1, 1996 to December 31, 1996 with respect to the

first year of operation and thereafter means the period commencing on each

January 1 and ending on the following December 31.

1.33 "POSTPONED RETIREMENT DATE" of a Member means the date determined pursuant

to Section 4.03.

1.34 "PREDECESSOR COMPANY" means Banff Lifts Ltd.

1.35 "PRESENT VALUE FACTOR" means, in respect of an annual pension amount, the

present value for $1.00 of such pension determined on an actuarial basis

that is consistent with the basis that applicable to the calculation of a

Commuted Value in respect of the Member, using the methods and assumptions

adopted by the Company, subject to the Act and the Income Tax Rules.

1.36 "SPOUSE" of a Member means, in relation to another person:

(a) a person who, at the relevant time, was married to that other person

and had not been living separate and apart from that other person

for 3 or more consecutive years, or

(b) if there is no person to whom subclause (i) applies, a person of the

opposite sex who had lived with that other person in a marriage-like

relationship for the 3-year period immediately preceding the

relevant time;

There shall be only one Spouse recognized at any particular time for the

purposes of the Plan. A person's qualification as a Spouse shall be

established to the satisfaction of the Company.

1.37 "TOTALLY DISABLED" means, in respect of a Member, suffering from a mental

or physical condition that, as determined by the Company on the basis of

the certification of a licensed medical doctor prevents the Member

-3-

permanently or in the foreseeable future from performing the assigned

duties of his job or any other job for which he is reasonably suited by

virtue of his education, training or experience and there is no reasonable

expectation that he will recover. "TOTAL DISABILITY" has a corresponding

meaning.

1.38 "YMPE" means, in any year, the Year's Maximum Pensionable Earnings

established for that year under the provisions of the Canada Pension Plan

or the Quebec Pension Plan, whichever is applicable to the Member

concerned.

ARTICLE 2

ELIGIBILITY AND PARTICIPATION

2.01 CONTINUING MEMBERS

A person who is a Member of the Plan on December 31, 1999 and who does not

break Continuous Service on January 1, 2000 shall remain a Member of the

Plan on January 1, 2000.

An employee of Banff Lifts Ltd. who is participating in the Banff Lifts

Plan on December 31, 1999 and who is a Banff Gondola Employee on January

1, 2000 shall become an Active Member of the Plan on January 1, 2000.

2.02 NEW MEMBERS

Each full-time Employee who does not qualify under Section 2.01 shall

become an Active Member of the Plan on the first day of the month

following date of hire.

Each Employee employed on a less than full-time basis shall become a

Member of the Plan at any time after completing at least two (2) years of

employment with the Company and having earned at least thirty-five percent

(35%) of the YMPE in each of two (2) consecutive calendar years.

2.03 WAIVER

The Company may waive the eligibility requirements for any Employee.

2.04 ENROLLMENT

Each full-time Employee, shall file with the Company or its agent an

enrollment form provided by the Company for this purpose. Any other

Employee, who meets the eligibility requirements set forth above shall

file such an enrollment form in the same manner as a full-time Employee.

2.05 CONTINUING PARTICIPATION AS A MEMBER

An Active Member may not terminate membership in the Plan while employed

by the Company as an Employee. In addition, a Member who is or becomes

employed on a less than full-time basis shall not cease to be a Member or

to accrue pension benefits under the Plan only because he earns less than

thirty-five percent (35%) of the YMPE in each of two (2) consecutive

calendar years.

2.06 RE-EMPLOYMENT - DEFERRED MEMBER

-4-

If a former Employee, other than a person described in Article 2.07, is

subsequently re-employed by the Company, the Employee shall for purposes

of the Plan be treated as a new Employee, except that any right to a

deferred pension he may have as a result of his prior period of Credited

Service shall not be affected by this provision and such deferred pension

shall not be allowed to commence during the period of re-employment. For

greater certainty, any pension earned after the date of re-employment

shall be calculated based only on Credited Service after that date.

2.07 RE-EMPLOYMENT - RETIRED MEMBER

If a Retired Member is re-employed by the Company, he shall continue to

receive his pension but he shall not be permitted to again join the Plan

nor shall he accrue further pension benefits during the period of

re-employment.

ARTICLE 3

SERVICE

3.01 CONTINUOUS SERVICE

Continuous Service of an Employee means the most recent period of

continuous uninterrupted employment of the Employee with the Company

including any employment with the Predecessor Company and any Leave of

Absence. The following breaks in the continuity of employment shall be

ignored:

(a) a period of absence from employment following termination thereof if

followed by reinstatement with past service unimpaired; and

(b) a period of layoff, furlough or other absence if followed by return

to service with past service unimpaired.

3.02 CREDITED SERVICE

Credited Service means that period of an Employee's Continuous Service in

Canada during which he is an Active Member of the Plan plus any service

credited pursuant to Section 3.03 and any Credited Service accrued under

the Canadian Greyhound Employees Retirement Income Plan by a Member who

transferred to this Plan effective June 1, 1996 but excluding any period

of "Pensionable Service" which a Banff Lifts Member accrued under the

Banff Lifts Plan. Credited Service shall be determined from the records of

the Company in accordance with such rules and regulations as may from time

to time be in effect.

Subject to the Act and the Income Tax Rules, a Member who is absent due to

a Leave of Absence will continue to accrue Credited Service under the

Plan. Notwithstanding any other provisions of the Plan, in no event will a

Member receive Credited Service for periods of Leave of Absence in excess

of five years of full-time equivalent remuneration, plus three years of

full-time equivalent remuneration for periods of parenting, throughout his

period of employment with the Company after December 31, 1990, in

accordance with the Act and the Income Tax Rules.

-5-

3.03 CREDITED SERVICE WHILE TOTALLY DISABLED

If an Active Member becomes Totally Disabled, the Member's Continuous

Service shall not be broken, the Member shall become a Disabled Member and

the Member shall continue to accrue Credited Service until the earliest

of:

(a) the date he ceases to be Totally Disabled;

(b) the date he dies;

(c) the date he retires pursuant to the Plan;

(d) his Normal Retirement Date; and

(e) the date the Plan is terminated in respect of the class of employees

in which the member last worked.

Upon the earliest of the above-noted dates, the Disabled Member's

Continuous Service shall be broken unless the Member returns to active

employment as an Employee at that time. Credited Service accrued pursuant

to this Section shall accrue at the same rate as the Disabled Member was

accruing Credited Service immediately prior to becoming disabled.

The Company may, by written notice, require a Disabled Member to submit to

medical examination at any time prior to his Normal Retirement Date in

order to determine such Disabled Member's eligibility for continued

accrual of Credited Service, provided that such examinations may not be

required more frequently than semi-annually. If:

(a) on the basis of a medical examination the Company finds that the

Member is no longer Totally Disabled;

(b) the Member engages in gainful employment other than for purposes of

occupational therapy directed toward physical rehabilitation; or

(c) such Member refuses to submit to a medical examination;

as determined by the Company, accrual of Credited Service under this

Section shall cease effective on: (I) the date when the Company finds that

the Member is no longer Totally Disabled, (II) the date when the Member

engaged in gainful employment for purposes other than occupational

therapy, or (III) the date when the Company last issued written notice

requesting the Member to submit to medical examination, whichever is

applicable. At such time, if the Member does not return to employment with

the Company, he shall be deemed to have broken Continuous Service and his

entitlement under the Plan shall be determined pursuant to Article 4, 7 or

9, whichever is applicable.

A Member may continue to contribute pursuant to Section 14.01 in respect

of a period of Credited Service provided under this Section.

3.04 PRIOR SERVICE TRANSFERRED INTO PLAN

-6-

Credited Service shall include any period of service, as approved by the

Company and deemed permissible under the Income Tax Rules, during which

the Member was in employment with the Company or a predecessor employer

and for which the Member has paid contributions in full into the Fund

and/or for which the Member has made a qualifying transfer under the terms

of the Income Tax Rules into the Fund. The amount of contribution and/or

qualifying transfer shall be determined by the Actuary in accordance with

the Plan Factors. Additional benefits resulting from the crediting of this

service shall be subject to the provisions of Article 10.

3.05 DETERMINATION AND MEASUREMENT OF CREDITED SERVICE

Credited Service shall be expressed as a period of years and fractions

thereof, rounded to three decimals. For a Member who is employed on a less

than full-time basis, Credited Service shall be determined for each Plan

Year of less than full-time employment by multiplying the Member's period

of Credited Service as defined pursuant to Section 3.02, 3.03 and 3.04 by

the ratio of such Member's actual hours worked on a less than full-time

basis during the Plan Year to the hours regularly scheduled to be worked

by full-time Members during that time period.

ARTICLE 4

RETIREMENT

4.01 NORMAL RETIREMENT

Subject to Sections 4.02 and 4.03, an Active Member or Disabled Member

shall retire on his Normal Retirement Date. A Member who retires on his

Normal Retirement Date shall receive a retirement pension calculated

pursuant to Section 6.01.

4.02 EARLY RETIREMENT

An Active Member or Disabled Member may elect to retire prior to his

Normal Retirement Date on the first day of any month coincident with or

following attainment of his fiftieth (50th) birthday. The date selected by

the Member for early commencement of his pension under the Plan shall be

his Early Retirement Date. A Member who elects early retirement shall

receive, commencing on his Early Retirement Date, a retirement pension

calculated pursuant to Section 6.02.

4.03 POSTPONED RETIREMENT

An Active Member may, with the consent of the Company, remain in active

employment beyond the Member's Normal Retirement Date. The retirement

pension of a Member who postpones retirement beyond his Normal Retirement

Date shall commence on the first day of the month coincident with or next

following the earliest of:

(a) the first day of the month coincident with or following the date on

which the Member retires from active employment with the Company;

(b) the first day of any month selected by the Member; and

(c) the first day of December in the year in which the Member attains

age 69 or such later date as may be permitted under the Income Tax

Rules;

-7-

and such date shall be the Member's Postponed Retirement Date. A Member

who retires on his Postponed Retirement Date shall receive, commencing on

such Postponed Retirement Date, a retirement pension calculated pursuant

to Section 6.04. A Member shall not accrue further Credited Service after

his Postponed Retirement Date.

ARTICLE 5

PENSION FORMULA

5.01 AMOUNT OF PENSION

Subject to Article 10, the annual pension of a Member shall be equal to

the sum of the Member's Defined Benefit Pension and Money Purchase

Pension, plus the Banff Lifts Pension if applicable, determined by

reference to the provisions of this Article.

5.02 MONEY PURCHASE PENSION

A Member's Money Purchase Pension shall be the annual pension payable at

the Member's Normal Retirement Date which can be provided by the balance

of his Money Purchase Account when such balance is applied to produce a

pension with a Present Value Factor (the "MP Factor") equal to the

following:

(X+Y)Z

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Y

where X equals: the balance in the Money Purchase Account of the

Member;

Y equals: Z multiplied by the annual amount of Defined

Benefit Pension determined under Section 5.03(a);

Z equals: the Present Value Factor for $1.00 of lifetime

pension (payable commencing when the Member

reaches Normal Retirement Date) pursuant to the

terms of the Plan, determined as if payable as a

Defined Benefit Pension payable in the normal

form under Section 8.01, or in the form required

under Section 8.04 if applicable, and without any

indexing under Article 11.

The form of the Member's Money Purchase Pension shall be determined

pursuant to Section 5.04. Additional Money Purchase Pension may also be

calculated pursuant to the final paragraph of Section 5.04 and any pension

so calculated shall be treated as Money Purchase Pension determined under

this Section 5.02.

5.03 DEFINED BENEFIT PENSION

A Member's annual Defined Benefit Pension shall be equal to:

(a) 2% of the Member's Highest Average Earnings multiplied by the

Member's Credited Service (provided that such pension shall not

exceed the amount determined by reference to Section 10.01);

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-8-

(b) the annual amount of Money Purchase Pension determined pursuant to

Section 5.02;

provided that the resulting amount shall not be less than zero.

5.04 ANCILLARY VALUE AND FORM OF MONEY PURCHASE PENSION

A Member who has a Money Purchase Pension shall be credited with an

Ancillary Value equal to:

(a) the balance of his Money Purchase Account;

MINUS

(b) the annual Money Purchase Pension determined pursuant to Section

5.02 multiplied by the factor Z determined pursuant to Section 5.02.

The Member may elect to allocate his Ancillary Value to provide one or

more of the following enhancements by completing and filing an election

form in the manner prescribed by the Company:

(c) If the Member's pension would be subject to a reduction for early

retirement under Section 6.02(c) that early retirement reduction may

be lessened, or waived entirely if possible, pursuant to Section

6.02(e) subject to the minimum reduction required under Section

6.02(e).

(d) If the Member does not have a Spouse or if the mandatory joint and

survivor form is waived pursuant to Section 8.06, the Money Purchase

Pension may be guaranteed pursuant to Section 8.02 but the guarantee

period shall not exceed 180 months. If the Member does have a

Spouse, the benefit may be paid in the form of a joint and

two-thirds survivor pension pursuant to Section 8.05 which is

unreduced or reduced on a less than actuarial basis and which may

include a guarantee of 60 months.

(e) The Money Purchase Pension and associated bridging benefits may be

granted indexing pursuant to the provisions of Article 11.

(f) The Member may elect to receive an additional bridging benefit

payable from his Early Retirement Date pursuant to Section 6.03(b),

but subject to the limits imposed by Article 10.

The Member must complete and file such election with the Company within 60

days of receiving his retirement/termination statement from the Company or

the Member shall be deemed to have elected to allocate his Ancillary Value

to each of (c), (d), (e) and (f) above in turn in descending order. If the

Ancillary Value is not exhausted by one item the balance of the Ancillary

Value shall be allocated to each subsequent item in turn until the

Ancillary Value is exhausted or until the maximum allocation has occurred

under all of (c), (d), (e) and (f).

A Member's Ancillary Value shall be allocated to provide enhancements

under (c), (d), (e) and (f) to the fullest extent possible. If any

Ancillary Value remains after a full allocation then such remaining

Ancillary Value shall be applied to produce additional pension payable in

the same form as determined under the preceding paragraphs of this Section

5.04. Any additional pension so generated shall be treated as Money

Purchase Pension determined under Section 5.02.

-9-

5.05 BANFF LIFTS PENSION

A Member's annual Banff Lifts Pension shall be calculated based on the

applicable terms of the Banff Lifts Plan attached as Appendix A, and

determining the "Final Earnings" and "Indexed Compensation" of the Member

(as those terms are used in Appendix A) at the time the Member retires or

otherwise terminates employment with the Company as if he had continued to

participate in the Banff Lifts Plan until that date and using "Pensionable

Service" accrued under the Banff Lifts Plan to December 31, 1999.

ARTICLE 6

RETIREMENT PENSION

6.01 NORMAL RETIREMENT PENSION

A Member who retires on his Normal Retirement Date shall receive a Money

Purchase Pension and Defined Benefit Pension calculated pursuant to

Section 5.01, 5.02, 5.03 and 5.04 based on the Member's Credited Service

and Highest Average Earnings on his Normal Retirement Date and the value

of his Money Purchase Account at that time.

In addition, if the Member is a Banff Lifts Member he shall receive his

Banff Lifts Pension calculated pursuant to Section 5.05.

6.02 EARLY RETIREMENT PENSION

A Member who retires on his Early Retirement Date shall receive a Money

Purchase Pension and Defined Benefit Pension based on the Member's

Credited Service and Highest Average Earnings on his Early Retirement Date

and the value of his Money Purchase Account at that time, and calculated

according to the following procedure:

(a) The Member's MP Factor shall be calculated by reference to Section

5.02 as if the Member's Money Purchase Pension was payable

commencing at the Member's Normal Retirement Date except that the

formula for the MP Factor shall be modified to read as:

(X+YE)Z

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Y

where X, Y and Z are determined pursuant to Section 5.02; and

Y(E) equals: the Commuted Value of the Defined Benefit Pension

payable commencing on the Member's Early

Retirement Date, determined as if payable without

the offset provided under Section 5.03(b),

payable in the normal form under Section 8.01, or

the joint and survivor form required pursuant to

Section 8.04 if applicable, and without any

indexing under Article 11, and after reduction

pursuant to the reduction factor specified in

Section 6.02(c).

The Member's Money Purchase Pension which would be payable

commencing on the Member's Normal Retirement Date shall then be

calculated based on this MP Factor.

-10-

(b) The Member's Defined Benefit Pension shall be calculated pursuant to

Section 5.03 and the offset under Section 5.03(b) shall be based on

the amount calculated under Section 6.02(a).

(c) The Member's Money Purchase Pension and the Member's Defined Benefit

Pension calculated under (a) and (b) above shall then be reduced by

five-twelfths of one percent (5/12%) for each month that his Early

Retirement Date precedes the first day of the month following his

60th birthday subject to the minimum reduction required under the

Income Tax Rules.

(d) The Member's Ancillary Value shall be determined as:

(i) the balance of his Money Purchase Account;

MINUS

(ii) the Commuted Value of the monthly Money Purchase Pension

determined pursuant to Section 6.02(c).

(e) Notwithstanding (c) above, if the Member elects (or is deemed to

elect) to apply all or part of his Ancillary Value pursuant to

Section 5.04(c) to lessen the early retirement reduction applicable

to his Money Purchase Pension then the early retirement reduction

otherwise applicable shall be lessened to the extent selected by the

Member subject to the following conditions: (I) the Commuted Value

of the diminishment of the early retirement reduction shall equal

the Ancillary Value allocated pursuant to Section 5.04(c); and (II)

the Money Purchase Pension must be reduced by at least 0.25% for

each month that the Member's Early Retirement Date precedes the

earliest of:

(i) the date the Member would attain age 60;

(ii) the date the age and early retirement eligibility service of

the Member would total 80 years; and

(iii) the date the Member would accrue 30 years of early retirement

eligibility service;

if the Member continued to participate in the Plan. For the purposes

of this paragraph "early retirement eligibility service" has the

meaning given to that term under the Income Tax Rules.

The same diminished reduction, if any, shall be applied to the

Member's Defined Benefit Pension.

In addition, if the Member is a Banff Lifts Member then he shall receive

his Banff Lifts Pension calculated by reference to Section 5.05 and

reduced as required by the applicable provisions of Appendix A regarding

early retirement.

6.03 BRIDGING BENEFIT

(a) If the Member elects (or is deemed to elect) to apply all or part of

his Ancillary Value pursuant to Section 5.04(f) to provide a

bridging benefit, then the Member shall receive a bridging benefit

payable under the money purchase provisions of the Plan. The amount

of such bridging benefit

-11-

shall be selected by the Member subject to the condition that the

Commuted Value of the bridging benefit shall equal the Ancillary

Value allocated pursuant to Section 5.04(f).

The Member shall also receive a bridging benefit payable under the

defined benefit provisions of the Plan. This bridging benefit shall

be equal to the amount of the bridging benefit payable to the Member

under the money purchase provisions pursuant to the preceding

paragraph of this subsection (a), multiplied by the ratio of the

annual amount of the Member's Defined Benefit Pension to the annual

amount of the Member's Money Purchase Pension.

(b) The bridging benefits determined pursuant to subsection (a) shall be

payable commencing no earlier than the Member's Early Retirement

Date and shall cease with the payment for the month in which the

Member dies or attains age 65, whichever occurs earlier. However,

the bridging benefit may continue to the payment for the month in

which the Member would have attained age 65 if the Member elects to

apply Ancillary Value to secure such a survivor option for the

bridging benefit.

(c) The bridging benefits payable under this Section 6.03 are subject to

the limitations contained in Article 10.

6.04 POSTPONED RETIREMENT PENSION

A Member who retires on a Postponed Retirement Date shall be entitled to

receive, commencing on such Postponed Retirement Date, an annual

retirement pension calculated by reference to Article 5 based on the

Member's Credited Service and Highest Average Earnings on his Postponed

Retirement Date. The Member's Money Purchase Pension shall be based on the

value of his Money Purchase Account on his Postponed Retirement Date and

calculated pursuant to Section 5.02 subject to the following

modifications:

(a) The Member's MP Factor shall be calculated pursuant to Section 5.02

assuming a Money Purchase Pension commencing at the Member's

Postponed Retirement Date.

(b) Factor Z shall be based on a Present Value Factor for a lifetime

pension commencing on the Member's Postponed Retirement Date.

In addition, if the Member is a Banff Lifts Member then he shall receive

his Banff Lifts Pension calculated by reference to Section 5.05 and

adjusted as required by the applicable provisions of Appendix A regarding

postponed retirement.

6.05 PORTABILITY OF PENSION

A Member who is entitled to a pension under Section 6.01, 6.02 or 6.04

may, despite eligibility for an immediate pension elect to transfer the

Commuted Value of his pension from the Pension Fund to:

(a) another registered pension fund meeting the requirements prescribed

under the Act, if the administrator of that fund agrees to accept

the payment;

(b) a company licensed to provide annuities in Canada, for the purchase

of a life annuity that will commence no earlier than age 55;

-12-

(c) a locked-in retirement account in the name of the Member;

(d) a life income fund in the name of the Member; or

(e) another retirement savings arrangement meeting the requirements

prescribed under the Act;

provided that notice of such election is given to the Company within the

time limits prescribed under the Act (or as otherwise permitted by the

Company) and that such transfer is carried out in accordance with the

requirements of the Act and the Income Tax Rules. The Member may elect to

receive the Commuted Value of his Money Purchase Pension in a cash lump

sum or to transfer it to an unlocked registered retirement savings plan

rather than transferring it to one of the locked-in portability vehicles

listed above. A Member who elects a transfer or payment of a Commuted

Value shall take that Commuted Value in full satisfaction of such rights

under the Plan and upon completion of such transfer or payment shall have

no further entitlement to such benefits under the Plan.

ARTICLE 7

TERMINATION OF EMPLOYMENT

7.01 NON VESTED TERMINATION

If an Active Member or Disabled Member breaks Continuous Service for any

reason other than death or retirement before completing two years of

Continuous Service the Member shall receive a lump sum amount equal to the

balance of the Member's Money Purchase Account or he may elect to transfer

said balance to a registered retirement savings plan in his name.

In addition, if the Member is a Banff Lifts Member termination benefits

may be payable pursuant to the applicable terms of Appendix A regarding

termination of employment.

7.02 DEFERRED PENSION

If an Active Member or Disabled Member breaks Continuous Service for any

reason other than death or retirement after completing two years of

Continuous Service the Member shall become a Deferred Member and shall be

entitled to receive a deferred Money Purchase Pension and Defined Benefit

Pension commencing on the Member's Normal Retirement Date. Such deferred

pension shall be calculated and determined by reference to Article 5 at

the time that the Member breaks Continuous Service. The calculation shall

be based on the Member's Credited Service and Highest Average Earnings on

the date he breaks Continuous Service and the value of his Money Purchase

Account at that same date, according to the following procedure:

(a) The Member's MP Factor shall be calculated pursuant to Section 5.02

as if the Member's Money Purchase Pension was payable commencing at

the Member's Normal Retirement Date except that the joint and

survivor form under Section 8.04 will not apply. The Member's Money

Purchase Pension which would be payable commencing on the Member's

Normal Retirement Date shall then be calculated based on this MP

Factor.

(b) The Member's Defined Benefit Pension shall be calculated pursuant to

Section 5.03 and the offset under Section 5.03(b) shall be based on

the amount calculated under Section 7.02(a).

-13-

(c) The Member shall elect to allocate his Ancillary Value pursuant to

Section 5.04 or he shall be deemed to allocate his Ancillary Value

pursuant to the default provisions of Section 5.04. For this purpose

the priority of the deemed allocations under Section 5.04 shall

operate in the following order: (d), (e), (c) and (f).

In addition, if the Member is a Banff Lifts Member a deferred pension or

termination benefit may be payable pursuant to the applicable terms of

Appendix A regarding termination of employment.

7.03 EARLY COMMENCEMENT

A Deferred Member may elect to begin receiving his deferred pension on the

first day of any month after he will attain age 50. If a Deferred Member

elects to commence payment of the deferred pension prior to his Normal

Retirement Date then the pension commencing at that earlier date shall be

determined as follows:

(a) The Member's Money Purchase Pension and Defined Benefit Pension

shall be actuarially reduced to reflect the earlier commencement

date except as modified by any allocation pursuant to Section

5.04(c). However, if the Deferred Member had attained age 50 before

he broke Continuous Service then the amount of any reduction to his

Money Purchase Pension and Defined Benefit Pension for early

commencement shall be calculated pursuant to Section 6.02(c).

(b) The amount of any deferred Banff Lifts Pension payable to a Banff

Lifts Member shall be determined pursuant to the applicable terms of

Appendix A regarding early commencement of benefits.

A Member who elects to commence his deferred pension prior to his Normal

Retirement Date will also receive any bridging benefit which he has

elected to receive or is deemed to elect pursuant to Section 5.04(f).

7.04 APPLICATION FOR PENSION

A Deferred Member entitled to a deferred pension shall make application,

in writing, to the Company, at least 60 days prior to the date when the

Deferred Member wishes payment of the pension to commence.

7.05 PORTABILITY

A Member who breaks Continuous Service and who is entitled to a deferred

pension under the terms of this Plan may elect to transfer the Commuted

Value of the deferred pension (including any associated bridge benefits)

out of the Pension Fund to:

(a) another registered pension fund meeting the requirements prescribed

under the Act, if the administrator of that fund agrees to accept

the payment;

(b) a company licensed to provide annuities in Canada, for the purchase

of a life annuity that will commence no earlier than age 55;

(c) a locked-in retirement account in the name of the Member;

(d) a life income fund in the name of the Member; or

-14-

(e) another prescribed retirement savings arrangement in the name of the

Member;

provided that notice of such election is given to the Company within the

time limits prescribed under the Act and that such transfer is completed

in accordance with the requirements of the Act and the Income Tax Rules.

The Member may elect to receive the portion of the Commuted Value equal to

the balance of his Money Purchase Account in a lump sum or transfer it to

an unlocked registered retirement savings plan in lieu of transferring it

to one of the locked-in portability vehicles listed above. A Member who

elects a transfer or payment of a Commuted Value shall take the Commuted

Value in full satisfaction of such rights under the Plan and upon the

completion of such transfer or payment shall have no further entitlement

to such benefits under the Plan.

ARTICLE 8

NORMAL AND OPTIONAL FORMS OF PENSION

8.01 NORMAL FORM OF PENSION

Subject to the other provisions of this Article:

(a) a Member's annual Money Purchase Pension and Defined Benefit Pension

shall be payable in equal monthly instalments for the lifetime of

the Member beginning on the Member's retirement date and ending with

the payment immediately preceding his death, and

(b) a Member's Banff Lifts Pension shall be payable pursuant to the

applicable terms of Appendix A regarding normal forms.

8.02 ENHANCED FORM OF MONEY PURCHASE AND DEFINED BENEFIT PENSION

Notwithstanding the provisions of Section 8.01, if a Member elects (or is

deemed to elect) to apply all or part of his Ancillary Value pursuant to

Section 5.04(d) to provide a form of guarantee then the Member's Money

Purchase Pension shall be guaranteed for a number of months. The length of

the guarantee shall be determined so that the Commuted Value of the Money

Purchase Pension with the guarantee is equal to the Commuted Value of the

Money Purchase Pension without a guarantee plus the Ancillary Value

allocated to provide the guarantee. The number of months shall be rounded

to the nearest whole month and the total period guaranteed under this

Article 8 shall not exceed 180 months.

The Member's Defined Benefit Pension shall be guaranteed for the same

period of time.

8.03 COMMUTATION OF GUARANTEE

If a Member dies before the guaranteed number of payments have been made,

the monthly instalments shall then be paid to the Member's Beneficiary

until the guaranteed number of payments have been completed.

Alternatively, if the Beneficiary elects, the Company may, at its

discretion, commute the remaining payments and pay the Commuted Value of

such remaining payments to the Member's Beneficiary in a lump sum in

satisfaction of the guarantee.

-15-

8.04 MANDATORY JOINT AND SURVIVOR FORM

Notwithstanding the preceding provisions of this Article 8, if a Member

has a Spouse on the date that payment of the Member's pension commences

then the amount of each of the Member's Defined Benefit Pension and Money

Purchase Pension shall be reduced and paid in the form of a joint and 60%

survivor pension without guarantee. This joint and survivor pension shall

be payable in equal monthly installments for the Member's lifetime and

after the Member's death, the pension shall continue to be paid to the

Member's Spouse for the Spouse's remaining lifetime, in equal monthly

installments, equal to sixty percent (60%) of the amount of the monthly

installment that was paid to the Member immediately prior to his death.

The joint and survivor pension shall be the Actuarial Equivalent of the

normal form of Money Purchase Pension or Defined Benefit Pension which

would otherwise be payable under Section 8.01, however, if the Member

retires on or after his Normal Retirement Date, no actuarial reduction

applies and the amount of pension benefit payable to the Member shall be

the amount determined by reference to Article 5 with 60% of such amount

payable to the Spouse for her lifetime on the death of the Member.

The form and amount of the Banff Lifts Pension payable to a Banff Lifts

Member shall be determined pursuant to the applicable terms of Appendix A

regarding normal forms.

8.05 ENHANCED JOINT AND TWO-THIRDS SURVIVOR FORM FOR MONEY PURCHASE AND DEFINED

BENEFIT PENSIONS

Notwithstanding the provisions of Section 8.04, if a Member with a Spouse

on the date that payment of his pension commences elects (or is deemed to

elect) to apply all or part of his Ancillary Value pursuant to Section

5.04(d) to provide an unreduced (or partially reduced, as applicable):

(a) joint and two-thirds survivor pension without guarantee then the

Member's Money Purchase Pension shall be paid to the Member in equal

monthly instalments until the Member dies at which time two-thirds

of the amount paid to the Member shall be paid to the Member's

surviving Spouse, if any, for the remaining lifetime of such Spouse;

or

(b) joint and two-thirds survivor pension with a five year guarantee

then the Member's Money Purchase Pension shall be paid to the Member

in equal monthly instalments until the Member dies at which time

two-thirds of the amount paid to the Member shall be paid to the

Member's surviving Spouse, if any, for the remaining lifetime of

such Spouse, provided that:

(i) if the Member dies before he has received sixty payments then

the amount payable to the surviving Spouse for the remainder

of such sixty months shall not be less than the amount payable

to the Member; and

(ii) if the Spouse dies before the Member and the surviving Spouse

have received a total of sixty payments between them then the

payments shall continue to the Beneficiary of the Member for

the remainder of such sixty months.

The reduction, if any, to be applied to the Money Purchase Pension payable

to the Member shall be determined by reference to the Member's Ancillary

Value. If the Member's Ancillary Value allocated for this purpose equals

the difference in Commuted Value between an unreduced joint and two-thirds

survivor pension (with a five year guarantee if applicable) and a joint

and two-thirds survivor pension (with a five year guarantee if applicable)

that is actuarially equivalent to the mandatory form of pension that would

otherwise be payable

-16-

under Section 8.04 then the Money Purchase Pension payable to the Member

shall be unreduced. If the Member's Ancillary Value allocated for this

purpose is less than such difference in Commuted Value then the Money

Purchase Pension payable to the Member shall be reduced to the extent

required to ensure that the Commuted Value of such reduced pension with

its joint and two-thirds survivor pension (and five year guarantee if

applicable) is equal to the Ancillary Value allocated pursuant to Section

5.04(d) plus the Commuted Value of a joint and two-thirds survivor

pension, with a five year guarantee if applicable, that is actuarially

equivalent to the mandatory form of pension that would otherwise be

payable pursuant to Section 8.04.

The Member's Defined Benefit Pension shall be adjusted to the same extent.

8.06 WAIVER OF JOINT AND SURVIVOR FORM

The requirement to pay a pension in the joint and survivor form pursuant

to Section 8.04 shall not apply to a Money Purchase Pension and Defined

Benefit Pension if the Member elects an enhanced joint and survivor form

pursuant to Section 8.05 or if Member and the Spouse of such Member

execute and file with the Company a waiver in the form required under the

Act or a certified copy of a domestic contract containing such waiver. The

waiver must be filed within the time prescribed under the Act.

8.07 OPTIONAL FORMS FOR MONEY PURCHASE AND DEFINED BENEFIT PENSIONS

Subject to the requirement to provide a waiver if Section 8.04 applies, a

Member may, with the approval of the Company, elect to receive an

alternative pension form in respect of his Money Purchase Pension and

Defined Benefit Pension as follows:

(a) a life annuity guaranteed for either five (5), ten (10), or fifteen

(15) years; or

(b) a life annuity guaranteed to himself and to an individual he has

designated as a joint annuitant provided that such joint annuitant

is the Member's Spouse or the Member's dependent as defined in the

Income Tax Rules. Any benefit payable to a Member's dependent shall

not continue beyond the eligible survivor benefit period as stated

in the Income Tax Rules and shall not exceed sixty-six and two

thirds percent (66 2/3%) of the Member's benefit.

An alternative pension form will be the Actuarial Equivalent of the Money

Purchase Pension and Defined Benefit Pension which would otherwise have

been provided under Section 8.01 or 8.04, as applicable.

ARTICLE 9

BENEFITS ON DEATH

9.01 PRE-RETIREMENT DEATH BENEFIT

If an Active Member or Disabled Member dies before beginning to receive a

pension under the Plan or if a Deferred Member dies before beginning to

receive a pension under the Plan then a pre-retirement death benefit shall

be paid to the surviving Spouse of the Member.

(a) The pre-retirement death benefit in respect of the Money Purchase

Pension and Defined Benefit Pension of an Active Member or Disabled

Member shall be equal to the Commuted Value of the

-17-

deferred Money Purchase Pension and Defined Benefit Pension

calculated pursuant to Article 7 as if the Member had broken

Continuous Service immediately prior to his death and his Ancillary

Value had been allocated pursuant to the default allocation

prescribed in Section 7.02(c). However, if the Member was eligible

to retire on the date of his death then the pre-retirement death

benefit shall equal the Commuted Value of the immediate Money

Purchase Pension and Defined Benefit Pension that would have been

payable pursuant to Article 7 as if the Member had retired

immediately prior to his death and his Ancillary Value had been

allocated pursuant to the default allocation prescribed in Section

5.04.

The pre-retirement death benefit in the case of a Deferred Member

shall be equal to the Commuted Value of the Member's deferred Money

Purchase Pension and Defined Benefit Pension.

(b) Any pre-retirement death benefit payable to a Banff Lifts Member

shall be determined pursuant to the applicable terms of Appendix A

regarding death prior to retirement.

9.02 FORM OF PRE-RETIREMENT DEATH BENEFIT

Subject to the requirements of the Act, a Spouse entitled to receive a

pre-retirement death benefit pursuant to Section 9.02 may elect to receive

the benefit in respect of the Money Purchase Pension and Defined Benefit

Pension in the form of:

(a) an immediate pension payable for the lifetime of the Spouse;

(b) a deferred pension payable for the lifetime of the Spouse commencing

or on the first day of any month on or after the date the Spouse

attains age fifty-five (55), but before the end of the calendar year

in which the Spouse attains age sixty-nine (69) or, if later, within

one (1) year after the death of the Member; or

(c) transfer to another registered pension plan of which the Spouse is a

Member, if that plan permits;

(d) a transfer to the Spouse's locked-in retirement account.

The form of any pre-retirement death benefit payable to a Banff Lifts

Member shall be determined pursuant to the applicable terms of Appendix A

regarding death prior to retirement.

The Spouse shall elect the form of such pre-retirement death benefits

within 90 days of receipt, from the Company, of notice of entitlement,

failing which the Spouse shall be deemed to have elected a pension with

monthly payments commencing on the first of the month coincident with or

next following the Spouse's sixty-fifth (65th) birthday.

9.03 PAYMENT TO BENEFICIARY

If a Member does not have a Spouse at the time of death then the

pre-retirement death benefit payable under Section 9.02 shall be paid to

the Beneficiary in a lump sum.

9.04 DEATH AFTER RETIREMENT

-18-

If a Retired Member dies then the death benefit, if any, shall be the

remaining monthly payments or other benefit payable in accordance with the

form of pension in effect pursuant to Article 8.

9.05 DESIGNATION OF BENEFICIARY

Subject to the Act, each Member may, from time to time, designate a person

or persons to receive the benefits which may be payable to a beneficiary

under the Plan in the event of the death of the Member. Each such

designation shall revoke all prior designations by such Member, shall be

in writing on a form provided for that purpose and filed with the Company,

and may name one or more primary beneficiaries. If the Member has not

designated a Beneficiary or such Beneficiary pre-deceases the Member then

any death benefit payable to a Beneficiary shall be paid to the estate of

the Member.

ARTICLE 10

LIMITATIONS ON BENEFITS

10.01 MAXIMUM LIFETIME PENSION AMOUNT IN YEAR OF COMMENCEMENT

Notwithstanding the other provisions of the Plan, the annual lifetime

pension payable to a Member under this Plan in the year of commencement

(including any benefit payable to a Spouse or former Spouse of the Member

pursuant to Section 18.04) (and excluding any portion of a pension

resulting solely from an actuarial increase in respect of deferral after

the Member's Normal Retirement Date, any Money Purchase Pension or Banff

Lifts Pension) shall not exceed the lesser of:

(a) the defined benefit limit for the year in which the pension

commences; and

(b) 2% of the Member's highest average compensation indexed to the year

of commencement pursuant to the Income Tax Rules;

multiplied by the Member's Credited Service. For the purposes of this

paragraph "defined benefit limit" and "highest average compensation" shall

have the meanings given to those terms under the Income Tax Rules,

Credited Service in respect of the period prior to January 1, 1992 shall

not exceed 35 years, and the phrase "defined benefit limit" in

subparagraph (a) shall be read as "2/3 or the defined benefit limit" in

respect of Credited Service granted pursuant to Section 3.04 for periods

prior to January 1, 1990 that were not previously counted as pensionable

service under a registered pension plan.

Any Banff Lifts Pension payable to a Member shall be limited by the

applicable terms of Appendix A regarding maximum retirement benefits.

10.02 MAXIMUM EARLY RETIREMENT PENSION

The maximum lifetime pension determined pursuant to Section 10.01 shall be

reduced by one-quarter of one percent (0.25%) for each complete month by

which commencement of the pension precedes the earliest of:

(a) the date the Member would attain age 60;

(b) the date the age and early retirement eligibility service of the

Member would total 80 years; and

-19-

(c) the date the Member would accrue 30 years of early retirement

eligibility service;

if the Member continued to participate in the Plan until that date. For

the purposes of this paragraph "early retirement eligibility service" has

the meaning given to that term under the Income Tax Rules.

10.03 BRIDGING BENEFIT LIMITS

Notwithstanding the other provisions of the Plan, the annual bridging

benefit payable to a Member under the terms of this Plan shall not exceed

the maximum amount permitted under the Income Tax Rules.

The sum of the annual bridging benefit and lifetime pension payable to a

Member under the terms of this Plan for Credited Service from January 1,

1992 shall not, in the year of commencement, exceed the sum of:

(a) the defined benefit limit for the year of commencement multiplied by

the Member's Credited Service from January 1, 1992; and

(b) 25% of the average of the YMPE for the year of commencement and the

two immediately preceding years multiplied by a fraction the

numerator of which is the Member's Credited Service (not exceeding

35 years) accrued after December 31, 1991 and the denominator of

which is 35.

10.04 MAXIMUM PENSION IN YEARS FOLLOWING COMMENCEMENT

Notwithstanding the other provisions of the Plan, the annual lifetime

pension and associated bridging benefits payable under this Plan to a

Member whose benefits are indexed pursuant to Article 11 in any year

following the year of commencement (including any benefit payable to a

Spouse or former Spouse of the Member pursuant to Section 17.04) (and

excluding any portion of a pension resulting solely from an actuarial

increase in respect of deferral after the Member's Normal Retirement Date

and any Money Purchase Pension or Banff Lifts Pension) shall not exceed

the amount determined under Section 10.01 and 10.02 in the case of the

lifetime pension and under Section 10.03 in the case of the bridging

benefits, multiplied by the cumulative increase in the Consumer Price

Index (as published by Statistics Canada under the authority of the

Statistics Act) from the month in which the benefit commenced to the

beginning of the current year. The annual lifetime pension and associated

bridging benefits payable under this Plan to a Member whose benefits are

not indexed pursuant to Article 11 shall not increase after payment

commences.

Any Banff Lifts Pension payable to a Member shall be limited by the

applicable terms of Appendix A regarding maximum retirement benefits.

ARTICLE 11

INDEXING ADJUSTMENTS

11.01 ADJUSTMENT TO MEMBER'S PENSION

If a Member elects (or is deemed to elect) to apply all or part of his

Ancillary Value pursuant to Section 5.04(e) to provide indexing for his

Money Purchase Pension, and associated bridging benefits if applicable,

then such pension and benefits shall be indexed at a fixed annual rate to

the extent that the Commuted Value of the indexing is equal to the

Ancillary Value allocated to provide the indexing. Such indexing shall not

exceed:

-20-

(a) in respect the period from the Member's break in Continuous Service

to the end of the month before payment of his pension commences, the

percentage increase in the Average Industrial Wage during that

period; and

(b) in respect of the period beginning with the first day of the in

which payment of his pension commences, 4% per annum.

The monthly indexed Money Purchase Pension, and associated bridging

benefits if applicable, shall be increased effective the first day of each

January following the Member's break in Continuous Service by the addition

of an amount which is the product of:

(a) the monthly amount of such pension, and associated bridging benefits

if applicable, which is payable or being paid at the end of the

preceding year;

(b) the annual rate of indexing determined under the first paragraph of

this Section; and

(c) in the first year of indexing only, a fraction, the numerator of

which is the number of calendar months between the commencement date

of the pension and the December 31 of the same year and the

denominator of which is 12.

The Member's Defined Benefit Pension, and associated bridging benefits if

applicable, shall be indexed to the same extent.

A Banff Lifts Pension shall be indexed pursuant to the applicable terms of

Appendix A regarding cost of living increases.

11.02 ADJUSTMENT TO SURVIVOR BENEFIT FROM MONEY PURCHASE AND DEFINED BENEFIT

PENSIONS

The monthly amount of a post-retirement survivor pension being paid to a

Spouse in respect of a deceased Retired Member's Money Purchase Pension

and Defined Benefit Pension which was indexed pursuant to Section 11.01

shall be indexed as follows. Such pension shall be increased effective the

first day of January in each year following commencement of the survivor

pension by the addition of an amount which is the product of:

(a) the monthly amount of survivor pension in respect of such pension

being paid at the end of the preceding year;

(b) the annual rate of indexing that was applicable to the Retired

Member's pension under Section 11.01; and

(c) if the Retired Member's pension on which the survivor pension is

based commenced payment later than the first day of January in the

preceding year, a fraction, the numerator of which is the number of

the calendar months between the commencement date of the Retired

Member's pension and the December 31 of the same year and the

denominator of which is 12.

-21-

The adjustment pursuant to this Section shall also apply to any guaranteed

payments of a Money Purchase Pension or Defined Benefit Pension made to a

Beneficiary following the death of a Retired Member which are based on a

pension that was indexed pursuant to Section 11.01.

ARTICLE 12

FUNDING

12.01 PENSION FUND

The Company shall establish and maintain a Pension Fund with a Funding

Agent pursuant to a Funding Agreement for the purpose of funding the

benefits under this Plan. The Company may amend or revoke the Funding

Agreement, remove the Funding Agent and appoint an additional and/or a

successor Funding Agent as it may deem appropriate. All contributions by

the Company and Members shall be deposited into the Pension Fund.

The Pension Fund shall contain one Defined Benefit Account, and a Money

Purchase Account for each Member who contributes pursuant to Section 14.01

as follows:

(a) Defined Benefit Account The Defined Benefit Account shall consist of

the assets in the Pension Fund not allocated to the Money Purchase

Accounts.

(b) Money Purchase Account A separate account shall be maintained for

each Member contributing pursuant to Section 14.01 which shall

represent the portion of the Pension Fund attributable to the Money

Purchase Contributions made by the Member .

12.02 INVESTMENT OF PENSION FUND

The assets of the Pension Fund shall be invested in accordance with the

terms of the Funding Agreement, the Income Tax Rules and the Act. The

Company shall adopt a statement of investment policies and goals and the

Pension Fund shall be invested in compliance with such statement. The

Company shall direct the investment of the Defined Benefit Account and the

Members with Money Purchase Accounts shall direct the investment of their

Money Purchase Accounts in the investment options made available under the

terms of the Funding Agreement. The earnings, gains and losses arising

within each such investment option shall be determined in accordance with

the terms of the Funding Agreement and allocated to the Defined Benefit

Account and the applicable Money Purchase Accounts not less frequently

than annually.

12.03 SOLE LIABILITY OF PENSION FUND ASSETS

Any Member or other person having any claim under the Plan must look

solely to the assets of the Pension Fund for such benefit. Neither the

Company, nor any of its directors or officers, shall be liable, in their

individual or other capacities, to any person for the payment of any

benefits under the provisions of the Plan, or under the Funding Agreement.

12.04 USE OF EXCESS ASSETS

Subject to the Act, if the assets in the Defined Benefit Account exceed

the liabilities attributable to benefits payable from that account then

the Company may, in its discretion:

-22-

(a) apply such excess assets against any funding required of the Company

as permitted under Section 13.01;

(b) receive on an ongoing basis, upon obtaining any necessary prior

approval of the applicable regulatory authorities, any portion of

such excess assets that may be refunded under the Act; or

(c) utilize such excess assets for any other purpose as the Company may

direct and as permitted under the Act and the Income Tax Rules.

12.05 RETURN OF CONTRIBUTIONS TO AVOID REVOCATION

Any contributions made to the Pension Fund by the Company or a Member may

be returned to the Company or the Member, as applicable, together with

Credited Return thereon in the case of any Member Contributions, to the

extent such return is required to avoid revocation of the registration of

the Plan under the Income Tax Act (Canada). No monies shall be returned

without any required prior approval of the appropriate pension regulatory

authorities and with such reporting for tax purposes as may be required

under the Income Tax Rules.

ARTICLE 13

COMPANY CONTRIBUTIONS

13.01 COMPANY CONTRIBUTIONS TO DEFINED BENEFIT ACCOUNT

The Company shall, from time to time as required by the Act and the Income

Tax Rules, make quarterly contributions to the Defined Benefit Account of

such amounts which, based on the advice of the Actuary, are required to

provide an appropriate level of funding for the benefits payable from the

Defined Benefit Account in respect of the following:

(a) the normal actuarial cost of defined benefits currently accruing to

Members in accordance with the provisions of the Plan; and

(b) for the proper amortization of any unfunded actuarial liability or

solvency deficiency in relation to the Defined Benefit Account;

both in accordance with requirements of the Act, after taking into account

the assets of the Pension Fund, the earnings thereon, and all other

relevant factors.

If at any time, while the Plan continues in existence, the Actuary

certifies that the assets of the Fund exceed the actuarial liabilities of

the Plan in respect of benefits defined in the Plan, such excess assets or

any portion of such assets may be used by the Company to reduce its

contribution obligation under this Section.

13.02 REMITTANCE OF CONTRIBUTIONS

The Company shall remit to the Trustee for deposit in the Fund within

thirty (30) days after the period on which they are due, as recommended by

the Actuary in the last actuarial report filed in accordance with the Act.

-23-

ARTICLE 14

MEMBER CONTRIBUTIONS

14.01 MEMBER CONTRIBUTIONS

An Active Member or Disabled Member may elect to contribute to his Money

Purchase Account. Such Member contributions shall be made by way of

payroll deduction in the case of an Active Member. A Member may elect to

continue to contribute during a Leave of Absence for which Credited

Service accrues pursuant to Section 3.02, or during a period of Total

Disability for which Credited Service accrues pursuant to Section 3.03 and

in such case the contributions shall be made by way of direct payment from

the Member to the Company subject to such rules as the Company may

prescribe.

14.02 AMOUNT OF MEMBER CONTRIBUTIONS

A Member who elects to contribute to his Money Purchase Account shall

select the level of such contribution which shall be a percentage of his

eligible earnings set at a whole or half integer. A Member's contributions

shall not, in a calendar year, exceed the lesser of (a) and (b) below:

(a) the lesser of:

(i) the money purchase limit for the year; and

(ii) 18% of the Member's Earnings for the year.

For the purposes of this subsection, "money purchase limit" shall

have the meaning given to that term under the Income Tax Rules; and

(b) the amount of pension credit that the Member would have received for

accrual of a defined benefit pension pursuant to the formula in

Section 5.03(a) without the offset under Section 5.03(b)

14.03 MANNER AND FREQUENCY OF ELECTING CONTRIBUTION RATE

A Member who wishes to elect to contribute and select the level of such

contributions shall complete the forms prescribed by the Company and such

election shall be effective as of the date prescribed by the Company. An

Employee who fails to make such election shall be deemed to have elected

to make no contributions.

An Active Member or Disabled Member who is contributing to the Plan may

revoke the election or change the level of contribution once in each

calendar year. An Active Member or Disabled Member who is not contributing

to the Plan may elect to contribute once in each calendar year. Any

change, election or revocation shall be made not later than 30 days before

the end of the calendar year and shall be effective on the first day of

the next calendar year.

14.04 REPAYMENT OF EXCESS MONEY PURCHASE CONTRIBUTIONS

If the contributions to a Money Purchase Account in respect of a Member

for a calendar year exceed the limit set out in Section 14.02, the excess

portion shall be repaid to the Member, subject to any required prior

approval of a regulatory authority. Following such repayment, the balance

of the Money Purchase Account

-24-

shall be adjusted to reflect this reduction. Such repayment shall be made

no later than the last day of February in the year following the year in

which the excess arose.

14.05 INTEREST CREDITED ON MEMBER CONTRIBUTION TO DEFINED BENEFIT PROVISION

In respect of the Member contributions and/or qualifying transfers made in

accordance with Section 3.04, an account for these monies shall be set up

and credited at each Plan Year end with any investment earnings net of all

investment expenses incurred in the operation of the Pension Fund (herein

referred to as the net rate of interest). The net rate of interest shall

be computed by valuing all investments of the Pension Fund at their market

value. As such, the net rate of interest includes all interest and

dividend income of the Pension Fund and all realized and unrealized

capital gains and losses on the investments of the Pension Fund from the

first of the month following the date of payment into the Pension Fund to

the month end prior to the date of payment of a benefit in respect of such

contributions.

Member contributions, including qualifying transfers if any, with interest

in excess of fifty (50%) percent of the Actuarial Equivalent value of the

annual pension benefit (payable at Normal Retirement Date) that has

accrued to the Member, shall be paid to the Member in cash upon the

retirement or termination of service of the Member.

Member contributions, including qualifying transfers if any, with interest

in excess of fifty (50%) percent of the Actuarial Equivalent value of the

annual pension benefit (payable at Normal Retirement Date) that has

accrued to the Member, shall be paid to the Member's Spouse or if no

Spouse paid to the Member's Beneficiary upon the death of the Member prior

to retirement.

ARTICLE 15

ADMINISTRATION

15.01 ADMINISTRATOR

The Company shall be the administrator of the Plan for the purposes of the

Act and the Income Tax Rules. The Company shall decide all matters and

questions in respect of the operation, administration and interpretation

of the Plan. As such, the Company shall be entitled to determine

conclusively a Member's eligibility, Earnings and periods of continuous

employment, membership or service or Credited Service. All interpretations

and decisions shall be applied as nearly as may be possible in a uniform

manner to all Members similarly situated.

The Company shall maintain, or cause another person to maintain, such

records and data as the Actuary may require for the purpose of completing

actuarial valuations and estimates of required contributions.

The Company shall be entitled to rely conclusively upon all tables,

valuations, certifications, opinions and reports which shall be furnished

by an Actuary, accountant, legal counsel or other professional person who

shall be employed or engaged for such purposes.

15.02 ACTUARIAL PROCEDURE AND ASSUMPTIONS

The Company shall from time to time appoint an Actuary, to serve at the

pleasure of the Company, who shall provide technical advice in all matters

in connection with the Plan requiring actuarial computations and

valuations. The Company shall from time to time, in consultation with the

Actuary, adopt such rates of interest

-25-

and mortality, service and other tables as may be required in connection

with the administration of the Plan whether in connection with

computations of benefits, contributions by the Company, or otherwise. On

the basis of such tables as the Actuary may adopt, the Actuary shall make

a triennial valuation of the assets and liabilities of the Plan and such

intermediate valuations as the Company may direct.

15.03 ADMINISTRATION EXPENSES

Any expenses arising in respect of the administration of the Plan and

Pension Fund, including but not limited to the fees and other expenses and

charges of any Actuary, auditor or agent employed by the Company in

connection with the Plan's or Pension Fund's administration, and expenses

incurred by employees of the Company in the course of administering the

Plan or Pension Fund, shall be paid from the Pension Fund. If such

expenses are incurred or paid by the Company it may be reimbursed for such

expenses from the Pension Fund.

15.04 LIMITATION OF LIABILITY AND INDEMNITY

The Company shall save harmless any employees who are involved in the

administration of the Plan from the effects and consequences of their

acts, omissions and conduct in their formal capacity to the extent

permitted by law, except for their own willful and intentional malfeasance

or misconduct.

15.05 PURCHASE OF ANNUITIES

Pension benefits shall normally be paid from the Pension Fund, however,

the Company may arrange to purchase an annuity or annuities to provide

some or all of such pension benefits.

15.06 REQUIREMENTS FOR PAYMENT OF BENEFITS

A pension or an annuity under the Plan shall be granted by the Company

only upon application in the manner prescribed by the Company, and after

submission of satisfactory proof of age of the Member and, if applicable,

of the Spouse or joint annuitant.

Age may be proved by an official birth certificate issued by the

appropriate public authority. If the Member is unable to obtain an

official birth certificate, evidence of age satisfactory to the Company

must be produced.

Payment of any benefit under the Plan other than a pension or annuity

shall be made only upon application in the manner prescribed by the

Company and upon submission of any relevant supporting evidence as the

Company in its discretion may require.

Any person receiving or claiming a pension or an annuity under the Plan

shall, on request of the Company, furnish to the Company satisfactory

evidence of his continuing right thereto.

Notwithstanding anything in the Plan to the contrary, no cash settlement

shall be paid under the terms of the Plan where such payment would be

contrary to the provisions of the Act and the Income Tax Rules.

-26-

ARTICLE 16

DISCLOSURE

16.01 PLAN SUMMARY

The Company shall provide each Employee eligible for membership within

sixty (60) days his date of employment with:

(a) a written explanation of the terms and conditions of the Plan

applicable to him;

(b) a written explanation of his rights and obligations in respect of

the Plan; and

(c) any other information required by the Act and the Income Tax Rules.

16.02 NOTICE OF AMENDMENT

The Company shall provide each Member, Former Member or other person, who

is or will be affected by an amendment made to the Plan, with a written

explanation of such amendment within sixty (60) days after the

registration of the amendment. If the requirement of providing such

written explanation within the above period is dispensed with in

accordance with the Act, the Company may provide the explanation with the

next annual statement.

16.03 ANNUAL STATEMENT

In addition, the Company shall provide each Active Member with an annual

statement and a statement on his retirement or termination of Continuous

Service, and a statement shall be provided to the surviving Spouse or

Beneficiary on the death of a Member other than a Retired Member. Each

such statement shall contain the information prescribed under the Act.

Further, the Company shall provide a Member or other person entitled to

payment from the Plan with such other information as may be required by

the Act. If any statement made in such explanation conflicts with the

provisions of the Plan, the provisions of the Plan shall govern.

16.04 INSPECTION OF DOCUMENTS

A copy of the Plan and any other information required to be made available

by the Act shall be made available within thirty (30) days of the written

request by any person entitled to a benefit under the Plan or the person's

authorized agent, at the person's current or former place of employment or

such other location as may be agreed upon by the Company and such person.

Any person entitled to inspect Plan documents in accordance with this

Section shall be entitled to make such inspection only once in each

calendar year.

16.05 OTHER INFORMATION

The Company shall provide such other information regarding the Plan as is

required by the Act and the Income Tax Rules.

16.06 LIMITATION

-27-

Such explanation, statement or other information provided shall have no

effect on the rights or obligations of any person under the Plan and shall

not be referred to in interpreting or giving effect to the provisions of

the Plan. The Company shall not be liable for any loss or damage claimed

by any person to have been caused by any error or omission in such

explanation, statement or other information.

ARTICLE 17

FUTURE OF THE PLAN

17.01 POWER TO AMEND

The Company reserves the right to amend or discontinue the Plan, either in

whole or in part, at any time or times, subject to the Income Tax Rules

and the provisions of the Act. Without limiting the generality of the

foregoing, such right to amend shall include the right to merge the Plan

with another pension plan or plans, to divide the Plan, to transfer assets

from the Pension Fund to the pension fund of another registered pension

plan which assumes liabilities from the Plan, or to convert the Plan to a

money purchase pension plan.

17.02 NO REDUCTION IN BENEFITS

No amendment to the Plan shall operate to reduce the amount or the value

of the benefits which have accrued to Members prior to the date of such

amendment, provided that the Plan may be amended to reduce benefits

payable under the terms of the Plan, or to return contributions, where

such amendment is necessary to avoid the revocation of the registration of

the Plan under the Income Tax Act (Canada) and prior approval has been

granted by the applicable provincial regulatory authorities.

If the Plan is terminated, the Company shall not be obligated to make any

further contributions to the Plan with respect to service after the date

of such termination of the Plan except as required under the Act.

17.03 APPLICATION OF ASSETS ON TERMINATION

If the Plan is terminated or otherwise discontinued, all Members will be

100% vested in the Defined Benefit Pension and Banff Lifts Pension accrued

to the date of termination and the assets of the Defined Benefit Account,

after providing for the expenses of the Plan attributable thereto, shall

be applied, to the extent sufficient, to provide for the accrued Defined

Benefit Pensions and Banff Lifts Pensions of Members, Spouses and

Beneficiaries as determined by the Company, on the advice of the Actuary

and subject to the requirements of the Act.

The Money Purchase Accounts of Members affected by the termination shall

be applied to provide Money Purchase Pensions for the respective Members.

Subject to the funding requirements under the Act, if the assets of the

Defined Benefit Account are insufficient to fully provide for all accrued

Defined Benefit Pensions and Banff Lifts Pensions attributable thereto

then they shall be applied to provide benefits for affected Members,

Spouses, and Beneficiaries on a pro rata basis in accordance with their

respective interest in the Plan as determined by the Company, on the

advice of the Actuary and in a manner approved by the Alberta

Superintendent of Pensions.

-28-

Any surplus assets which remain in the Defined Benefit Account after the

satisfaction of all accrued defined benefits as set out above shall be

returned to the Company. Any distribution of funds will be conditional

upon the prior approval of the applicable regulatory authorities.

17.04 APPLICATION OF ASSETS ON PARTIAL TERMINATION

If the Company's participation in the Plan is partially terminated all

Members affected by the partial termination will be 100% vested in the

Defined Benefit Pension and Banff Lifts Pension accrued to the date of

partial termination and a portion of the Defined Benefit Account shall be

allocated in respect of that part of the Plan which is being terminated.

The portion of the Defined Benefit Account to be allocated shall be

determined by the Company on the advice of the Actuary as the lesser of an

amount sufficient to provide for all accrued Defined Benefit Pensions and

Banff Lifts Pension of Members affected by the partial windup or a

proportionate share of the assets of the Defined Benefit Account based on

the ratio of the partial windup liabilities of the Defined Benefit Account

to the total windup liabilities of the Defined Benefit Account subject to

the Act. Such portion of the Defined Benefit Account shall be applied in

accordance with the provisions of Section 17.03 for the benefit of the

Members, Spouses and Beneficiaries affected by the partial termination. If

the assets allocated are insufficient to fully provide for the accrued

Defined Benefit Pensions and Banff Lifts Pensions of Members affected by

the partial windup then they shall be applied to provide benefits for

affected Members as determined by the Company, on the advice of the

Actuary and in a manner approved by the Alberta Superintendent of

Pensions. Any surplus assets remaining from such allocated portion after

the satisfaction of all accrued benefits of all persons affected by the

partial termination shall be paid to the Company or applied as the Company

may otherwise direct. Any such distribution shall be conditional upon

prior approval of the applicable regulatory authorities.

The Money Purchase Accounts of Members affected by the partial termination

shall be allocated to the partial termination and applied to provide Money

Purchase Pensions for the respective Members

17.05 PROVISION OF BENEFITS ON WINDUP

The benefits determined in accordance with the provisions of Section 17.03

or 17.04 may be provided by means of:

(a) the purchase of annuity contracts from a company or companies

licensed to provide annuities in Canada;

(b) the transfer of benefits to registered pension plans which meet the

requirements prescribed under the Act and which are willing to

accept such transfers, registered retirement savings plans or

registered retirement income funds;

(c) the continuation of the Pension Fund; or

(d) the payment of cash refunds;

all as determined by the Company, subject to the requirements of the Act.

17.06 NO LIABILITY FOR APPLICATION ON WINDUP

-29-

No liabilities shall attach to the Employer or to the liquidator or

trustee in bankruptcy, as the case may be, in connection with any

application of the pension funds in accordance with the provisions of this

Article 17 provided such application was made in good faith and in

accordance with the provisions of the Act and the Income Tax Rules.

ARTICLE 18

MISCELLANEOUS PROVISIONS

18.01 NON ALIENATION OF BENEFITS

Except as specifically provided in Section 18.04, benefits payable under

the Plan may not be assigned, charged, anticipated, surrendered, commuted

or given as security and any attempt to do so shall be void. Except as

provided under the Act no benefit payable under the Plan shall be in any

manner liable for, or subject to, execution, seizure or attachment or

liable for, or subject to, the debts, contracts, or liabilities of the

person entitled to such benefit.

18.02 RIGHTS OF MEMBERS

Nothing in the Plan shall be deemed to give any Employee the right to be

retained in the employ of the Company and the provisions of the Plan shall

not interfere with the rights of the Company to discipline its employees.

18.03 SMALL PENSIONS

If the annual amount of pension payable to a Deferred Member or Retired

Member at the Member's Normal Retirement Date is less than 4% of the YMPE

in the year that such Member breaks Continuous Service or if the Commuted

Value of a benefit payable to a Member when he breaks Continuous Service

or of a benefit payable to a Spouse or the death of a Member is less than

20% of the YMPE in that year, then the Member or Spouse, as applicable,

may elect to receive that Commuted Value in a lump sum in satisfaction of

his entitlement under the Plan.

18.04 MARRIAGE BREAKDOWN

Subject to the Act, when an order from a court of competent jurisdiction

or a valid written domestic contract requiring division of the benefits of

a Member with a Spouse or former Spouse due to breakdown of marriage or

dissolution of a common-law relationship has been received by the Company,

such division shall be made in accordance with such order or contract, as

determined by the Company and subject to the limitations and requirements

of the Act and applicable provincial family relations legislation. A

Member's benefit entitlement shall be adjusted to the extent required to

reflect such division. When a Member becomes entitled to exercise the

options available under Section 7.05, a Spouse or former Spouse entitled

to a division of benefits pursuant to this Section shall also be entitled

to exercise the options available under Section 7.05 in respect of the

portion of the benefit allocated to the Spouse, subject to the

requirements of the Act. Where permitted under the Act, a Spouse entitled

to a division under this Section may exercise the options available under

Section 7.05 in respect of the portion of the benefit allocated to the

Spouse at the time of such division.

18.05 DIMINISHED LIFE EXPECTANCY

-30-

Notwithstanding the locking-in provisions of the Plan and the provisions

of Section 18.01, if a Member provides evidence to the Company that his

life expectancy is considerably shortened by reason of a terminal illness

or a disability, the Company may permit payment of the Commuted Value of

the Member's benefit in a lump sum or may provide for payment of the

benefit in quarterly or annual instalments.

18.06 LAWFUL CURRENCY

All contributions and benefit payments under this Plan shall be made in

the lawful currency of Canada.

18.07 LIMITATION OF RECOURSE

No Member, retired Member, Former Member, Beneficiary, Spouse or joint

Annuitant, shall have any recourse under any provisions of this Plan

against any past, present or future director, officer, shareholder or

Employee of the Company and all such directors, officers, shareholders and

Employees shall be free from all liability hereunder as a condition

hereof.

18.08 PENSION INCREASES

The Company may from time to time in its discretion elect to grant

increases in pensions for the purpose of offsetting, in whole or in part,

increases in the cost of living. Such increases may be granted to Retired

Members, Spouses or Beneficiaries, or may be applied to any deferred

pension entitlements of Deferred Members but shall not be granted in

respect of the twelve (12) month period immediately following the date of

retirement, death, or termination. Such increases once granted shall not

be discontinued. The fact of granting of increases pursuant to this

sub-Article, if any, shall not obligate the Company to grant further

increases in the future. Any pension increase must be in accordance with

the Act and the Income Tax Rules.

18.09 HEADINGS

The division of this Plan into Articles and Sections and the insertion of

headings are for convenience of reference only and shall not affect the

construction or interpretation of this Plan.

18.10 GENDER

Words importing the singular include the plural, as appropriate, and

vice-versa; words importing the masculine gender include the feminine

gender.

-31-

APPENDIX A

BANFF LIFTS PLAN

This Appendix contains the text of the Pension Plan for the Employees of Banff

Lifts Ltd. as it read on December 31, 1999. Relevant terms of the Banff Lifts

Plan shall apply to Banff Lifts Members in respect of the Pensionable Service

that they accrued under the terms of the Banff Lifts Plan to December 31, 1999.

For the purposes of this Appendix, the Retirement Plan for Management Employees

of Brewster Transport Company Limited shall be referred to as the Brewster

Transport Plan.

The relevant terms of the Banff Lifts Plan are listed below:

- - Applicable definitions that are used in relevant provisions of Articles 4,

5, 6, 7, 8 or 9

- - The provisions of Article 4 regarding voluntary contributions and the

deposit of a refund from another plan to the extent that such

contributions or deposits have occurred by December 31, 1999. No further

contributions or deposits are permitted after December 31, 1999.

- - The provisions of Article 5 (early retirement)

- - The provisions of Article 6 (determination of amount of retirement

benefit)

- - The provisions of Article 7 (pre-retirement death benefits)

- - The provisions of Article 8 (termination of employment)

- - The provisions of Article 9 (forms of retirement benefits)

- - Appendix 1 (listing of pensionable service)

Notwithstanding the above, effective January 1, 2000, certain provisions of the

Banff Lifts Plan shall be interpreted as follows:

1. Subsection 2.1 "Commuted Value" shall mean the definition of Commuted

Value as stated in Section 1.09 of this Plan.

2. Subsection 2.1 "Spouse" shall mean the definition of Spouse as stated in

Section 1.36 of this Plan.

3. Subsection 2.1 "Defined Benefit Limit" has the meaning given under the

provisions of the Income Tax Act of Canada and the Regulations thereunder

as they apply to registered pension plans.

4. Section 18.04 "Marriage Breakdown" of this Plan shall be applied with

respect to the appropriate benefits of the Banff Lifts Plan.

5. References to "5 years of Continuous Service" or "5 years of continuous

service" throughout the Banff Lifts Plan shall mean "2 years of Continuous

Service".

6. Reference to "the first day of the month following attainment of age 55"

in subsection 5.2 shall mean "the first day of the month coincident with

or following attainment of age 50" and the phrase "who has completed at

least 5 years of Continuous Service" shall be deleted.

7. Reference to "seventy-first (71st) birthday in subsection 5.3 shall mean

"sixty-ninth (69th) birthday".

-32-

8. Reference to "reduced by 1/2%" in subsection 6.2 shall mean "reduced by

five-twelfths of one percent (5/12%).

9. The following words are added to the end of the paragraph in Section 6.2:

", provided that such reduction shall not result in a pension that has a

value less than the Actuarial Equivalent Value of the Member's accrued

pension payable at the Member's normal retirement date."

10. Subsection 6.5 shall mean "A Member who is entitled to a pension in

accordance with the provisions of Sections 5 and 6 shall be eligible to

transfer the Commuted Value of his pension on a similar basis as those

options and requirements as described in Section 6.05 of the Brewster

Transport Plan.

11. Reference to "age 55" in subsection 8.3 shall mean "age 50".

-33-

RETIREMENT PLAN FOR MANAGEMENT EMPLOYEES OF

BREWSTER TRANSPORT COMPANY LIMITED

AMENDMENT NUMBER 1

Effective January 1, 2000, the Pension Plan for employees of Brewster Transport

Company Limited (the "Plan") is hereby amended as follows:

1. Delete the reference to "Section 9.06" in Definition 1.08 and replace with

"Section 9.05".

2. Delete Definition 1.09 and replace with the following:

"1.09 "COMMUTED VALUE" means, in relation to benefits that a person has a

present or future entitlement to receive, a lump sum amount which is

the actuarial present value on any specified date of those benefits

computed at the rate of interest and using the actuarial tables and

other assumptions as may be adopted by the Company or an authorized

officer of the Company, subject to the requirements of the Act and

the Income Tax Act."

3. Delete the reference to "303" in Definition 1.13 and replace with "3.03".

4. Delete Section 6.05 (d) and replace with the following:

"(d) a life income fund in the name of the Member provided that the

Spouse of such Member executes and files with the Company a waiver

in the form required under the Act; or"

5. Delete Section 7.05 (d) and replace with the following:

"(d) a life income fund or locked-in retirement income fund in the name

of the Member provided the Member had attained age 50 and the Spouse

of such Member executes and files with the Company a waiver in the

form required under the Act; or"

6. Delete Section 15.03 and replace with the following:

"15.03 ADMINISTRATION EXPENSES

Any expense arising in respect of the administration of the Plan and

Pension Fund, but limited to the fees and other expenses and charges

of any Actuary, auditor or agent employed by the Company in

connection with the Plan's or Pension Fund's administration may be

paid from the Pension Fund."

7. Add the following Section 15.07:

"15.07 TIMING OF PAYMENT OR TRANSFER

Where a Member becomes entitled to receive a refund of his Money

Purchase Account, or to have a benefit paid from the Plan in a lump

sum or transferred from the Plan, the payment of the balance of the

Money Purchase Account, or the payment or transfer of the benefit as

the case may be, shall be made within 60 days after the event giving

rise to the payment or transfer, or the completion and filing of all

documents required to authorize the making of the payment, including

any evidence required under Section 15.06 whichever is the later."

8. Delete Section 18.03 and replace with the following:

"18.03 SMALL PENSIONS

-34-

If the annual amount of Defined Benefit Pension and Banff Lifts

Pension payable to a Deferred Member or Retired Member at the

Member's Normal Retirement Date is less than 4% of the YMPE in the

year that such Member breaks Continuous Service or if the Commuted

Value of a benefit payable to a Member when he breaks Continuous

Service or of a benefit payable to a Spouse on the death of a Member

is less than 20% of the YMPE in that year, then the Member or

Spouse, as applicable, may elect to receive that Commuted Value in a

lump sum in satisfaction of his entitlement under the Plan. In lieu

of a lump sum, the Member or Spouse, as applicable, may elect to

transfer, to the extent that the Income Tax Rules allow, the

Commuted Value to an unlocked registered retirement savings plan."

9. Delete the phrase "or valid written domestic contract" and the phrase "or

dissolution of a common law relationship" from Section 18.04.

RETIREMENT PLAN FOR MANAGEMENT EMPLOYEES OF

BREWSTER TRANSPORT COMPANY LIMITED

AMENDMENT NUMBER 2

Effective June 1, 2003, the Retirement Plan for Management Employees of Brewster

Transport Company Limited is hereby amended as follows:

1. Delete Definition 1.36 and replace with the following:

"1.36 "SPOUSE" of a Member means, in relation to another person,

(a) a person who, at the relevant time, was married to that other

person and had not been living separate and apart from that

other person for 3 or more consecutive years, or

(b) if there is no person to whom sub clause (i) applies, a person

who, immediately preceding the relevant time, had lived with

that other person in a conjugal relationship

(i) for a continuous period of at least 3 years, or

(ii) of some permanence, if there is a child of the

relationship by birth or adoption."

RETIREMENT PLAN FOR MANAGEMENT EMPLOYEES OF

BREWSTER TRANSPORT COMPANY LIMITED

AMENDMENT NUMBER 3

Effective January 1, 2000, the Retirement Plan for Management Employees of

Brewster Transport Company Limited is hereby amended as follows:

1. Delete Section 6.05 (c) and replace with the following:

"(c) a locked-in retirement account in the name of the Member provided

that the Spouse of such Member executes and files with the Company a

waiver in the form required under the Act; or"

-35-

EXHIBIT 10.N2

BREWSTER TRANSPORT COMPANY LIMITED

SUPPLEMENTARY BENEFIT PLAN

EFFECTIVE JUNE 1, 1996

1. INTRODUCTION

Brewster Transport Company Limited ("Brewster") has established the Brewster

Transport Company Limited Supplementary Benefit Plan ("Supplementary Plan") with

effect from June 1, 1996 to provide certain benefits on retirement which are in

addition to the pension entitlements under the pension plans which Brewster

sponsors.

This Supplementary Plan replaces any benefits provided by a similar plan prior

to June 1, 1996.

Benefit entitlements of a Member are determined in accordance with the terms of

the Supplementary Plan in effect on the Termination Date of the Member unless

the terms of the Supplementary Plan specifically provide otherwise.

The Board of Directors of Brewster may, at its discretion, direct that coverage

under the Supplementary Plan be extended to a designated employee in

consideration of his long and valuable service with, and as an inducement for

such an employee to remain in the employ of, Brewster and its Associated

Companies.

Benefits payable under the Supplemental Plan shall at all times be paid out of

the current funds of Brewster and the obligation shall not be secured in any way

by the assets of Brewster. No fund shall be established to provide for the

payment of benefits under the Supplementary Plan. Brewster may create book

reserves or take such other steps as it deems appropriate to provide for its

expected liabilities under the Supplementary Plan but no trust shall be created

other than one which will not cause the Supplementary Plan to be deemed to be

funded under the Income Tax Act or under any applicable pension benefits

legislation.

Any rights of a Member or any person claiming by or through the Member shall be

those of a general creditor of Brewster only.

2. DEFINITIONS

In this Agreement the following terms shall have the meanings set out:

a) "Average Final Earnings" means the highest of (i), (ii), or (iii):

(i) The monthly average earnings of the last five years of

employment computed by dividing the total Earnings of such

period by the number of months in which the Employee actually

worked one-half or more of said months;

(ii) The monthly average earnings of the five calendar years in

which the Earnings were highest, computed by dividing the

total Earnings of such years by the number of months in which

the Employee actually worked one-half or more of said months;

(iii) In the case of an Employee retiring at age 65, the average

monthly earnings for the calendar year in which the Employee

reached age 63, computed by dividing the total earnings for

that year by the number of months in which the Employee

actually worked one-half or more of said months.

b) "Company" means Brewster Transport Company Limited, its

predecessors, successors and assignees; related or subsidiary

company may be designated as Associated Companies by the Board of

Directors of the Company and shall for purposes of the Supplementary

Plan be deemed to be the Company.

c) "Credited Service" means the Employee's period of full time

continuous service with the Company calculated in years and

completed months until the Termination Date of the Employee

including service while a Disabled Member but excluding any service

during a leave of absence occasioned by termination.

d) "Early Retirement Date" means the first day of the month next

following the date on which the Member files with the Company notice

of intention to retire, provided that on such date the Member has

attained age 50.

e) "Earnings" means the compensation paid an Employee excluding

commissions, profit sharing, bonuses, expense allowances, drawing

accounts, or stock options, except that in the case of certain

Members as specified by the Board of Directors of the Company,

Earnings shall include 50% of the average of the Member's highest

five years of Company's Management Incentive Plan and Performance

Unit Plan or similar short and long term cash incentive plans or

arrangements providing for performance bonus payments, whether paid

out or deferred; any deferrals included in Earnings shall be used

only once in calculating such Earnings.

f) "Employee" means a person employed by the Company on a regular,

full-time basis.

g) "Fiscal Year" means the calendar year.

h) "Member" means an Employee of the Company who shall have been

designated by the Board of Directors of the Company as eligible to

participate in the Supplementary Plan. Except as may otherwise be

provided herein, each Member shall remain a Member until the

Termination Date or, if later, the date all entitlements under the

Supplementary Plan have been discharged in full.

i) "Normal Retirement Date" means the first day of the month coincident

with or next following the month the Member has attained age 65.

j) "Spouse" of a Member means the same definition as stated under the

Retirement Plan for Management Employees of Brewster Transport

Company Limited.

k) "Supplementary Plan" means Brewster Transport Company Limited

Supplementary Benefit Plan as herein set out and as it may be

amended from time to time.

l) "Surviving Spouse Pension" with regard to a Member means that

pension benefit to which a Member's Spouse may be entitled upon the

death of the Member.

m) "Termination Date" means the day on which the Member's service with

the Company shall terminate whether due to death, retirement,

discharge or interruption of the period of continuous service for

any other reason except permanent and total disability.

n) "Vested Member" means a Member who has become fully vested in the

benefits provided by any other pension plan of the Company which is

registered with Revenue Canada.

3. SUPPLEMENTARY PLAN BENEFIT

3.01 Supplementary Plan Benefit. Upon reaching the Termination Date a

Vested Member shall be entitled to receive monthly an amount of

Supplementary Plan Benefit commencing on Normal Retirement Date and

continuing during the lifetime of the Member.

The Vested Member may elect to commence the Supplementary Plan

Benefit prior to Normal Retirement Date on an Early Retirement Date

in which case the Supplementary Plan Benefit shall be reduced by 5%

per year for each complete year by which the Early Retirement Date

precedes the first day of the month coincident with or next

following the Members 60th birthday. The election to commence the

Supplementary Plan Benefit prior to normal retirement age shall be

made in writing to the Company in such form and manner as the

Company shall prescribe; provided, however, that said election must

be received by the Company at least 30 days prior to the Early

Retirement Date prescribed therein by the Member.

Notwithstanding any provision of this Supplementary Plan to the

contrary, the payment of the full or reduced amount of Supplementary

Plan Benefit shall only commence and be payable as herein provided

if the Vested Member is alive on the Normal Retirement Date or, if

applicable, the Early Retirement Date.

3.02 Amount of Supplementary Plan Benefit. The annual amount of the

Supplementary Plan Benefit to which a Member may become entitled

shall be an amount equal to 2% of Average Final Earnings for each

year of Credited Service but not more than 50% of Average Final

Earnings, with such amount being reduced by benefits which may

become payable under any other plans maintained by the Company to

the extent required in order that there be no duplication of

benefits in respect of any portion of a Member's Credited Service

hereunder.

3.03 Postponed Retirement. Subject to the consent of the Company, a

Member may elect to remain in the employ of the Company beyond

Normal Retirement Date, but in no event may commencement of the

Supplementary Plan Benefit be postponed beyond the first of the

month preceding the attainment of age 69. The first day of the month

coincident with or next following the date on which the Member

retires shall be a Postponed Retirement Date and the amount of

Supplementary Plan Benefit the Vested Member shall be entitled to

upon retirement shall be equal to the Supplementary Plan Benefit

calculated at the Postponed Retirement Date pursuant to Section 3.02

hereof.

3.04 Normal Form of Benefit. Following the death of a Member who reached

the Termination Date after attaining the full age of 50 a benefit

from this Supplementary Plan shall be paid to the Spouse of the

Member equal to the amount required to increase the benefits payable

to the Spouse under any other plans maintained by the Company to 60%

of the amount payable during the Member's lifetime. Such benefit

shall be paid for the lifetime of the Spouse. If the Vested Member

reached the Termination Date prior to attaining the full age of 50,

no death benefit shall be payable unless the Member made an election

under Section 3.05 hereof. No other death benefit is granted

hereunder.

3.05 Options. The Member may, while still in the service of the Company,

elect by filing with the Company a written request for one of the

following optional forms of Supplementary Plan Benefit, provided

that the same optional form has been elected under all pension plans

of the Company:

(i) a reduced amount of Supplementary Plan Benefit which is

actuarially equivalent in value to the amount otherwise

payable to the Member under this Supplementary Plan payable

with the provision that such reduced amount shall be continued

after the Member's death during the further lifetime of the

Spouse; or

(ii) an amount of Supplementary Plan Benefit which is actuarially

equivalent to the amount otherwise payable to the Member under

this Supplementary Plan with the provision that the Benefit

shall be continued for the lifetime of the Member but in the

event of death prior to 5, 10 or 15 years after retirement as

specified by the Member, the same amount shall be payable for

the remainder of the specified period to a beneficiary

designated by the Member.

3.06 Beneficiary. A Member shall have the right to designate a

beneficiary for the purpose of this Article 3 by completing and

delivering a written statement of designation to the Company. A

Member shall have the right to change, revoke, or amend any such

designation by completing and delivering to the Company another such

written statement of designation prior to death and no such change,

revocation, or amendment shall require written consent of such

beneficiary theretofore designated by the Member, subject always to

the laws governing the designation of beneficiaries, from time to

time in force, which may apply to the Member.

3.07 Surviving Spouse Pension. If a Member dies while an active Employee

or while a Disabled Member and prior to the commencement of the

Supplementary Plan Benefit and is survived by a Spouse, the Spouse

shall receive a Surviving Spouse Pension.

A Surviving Spouse Pension is a pension commencing on the first day

of the month coincident with or next following the date of the

Member's death and payable monthly thereafter during the further

lifetime of the Member's Spouse. The benefit payable from the

Supplementary Plan is the amount required to increase the benefit

payable to the Spouse from any other plans maintained by the Company

to 50% of the amount of the total benefits accrued to the Member's

credit up to the Termination Date calculated in accordance with

Section 3.02. If the Member dies after the attainment of the full

age of 50, the percentage of the amount of the Supplementary Plan

Benefit accrued to the Member's credit payable to the Spouse shall

be 60%.

3.08 Death Before Retirement. In the event that the Employee shall die

before the commencement of the Supplementary Plan Benefit and there

is no one entitled to a Surviving Spouse Pension pursuant to Section

3.07 hereof, no death benefit shall be payable hereunder.

3.09 Disposition of Death Benefits on Failure to Designate Beneficiary.

In the event that any Member shall fail to designate a beneficiary

to receive death benefits on or after retirement or, having

designated a beneficiary, shall have revoked such designation,

without having named another beneficiary or in the event a

designation shall fail by reason of the prior death of the

designated beneficiary (or where the Member and the designated

beneficiary die at the same time or in circumstances rendering it

uncertain as to which of them survived the other), said death

benefits of such Member shall be payable on the death of the Member

to the Member's estate.

3.10 Disposition of Death Benefits on Subsequent Death of Designated

Beneficiary. Notwithstanding any provision of the Supplementary Plan

to the contrary, in the event of the death of a designated

beneficiary of a Member who is receiving or entitled to receive

benefits under the Supplementary Plan as a consequence of the prior

death of said Member, the undischarged portion, if any, of such

benefits shall be paid to the estate of said designated beneficiary.

4. DISABILITY BENEFITS

4.01 Disabled Member. An Employee who becomes permanently and totally

disabled after being designated as a Member and who qualifies for

benefits under any long term disability income continuation program

sponsored by the Company in respect of such disability shall be

granted the status of a "Disabled Member". If the Disabled Member

ceases prior to the attainment of the Normal Retirement Date to

receive such disability benefits as a result of death, recovery from

disability or any other reason, the Disabled Member shall again be,

or be considered to be, a Member for the purposes of the

Supplementary Plan.

Notwithstanding any provision of the Supplementary Plan to the

contrary, the following provisions shall apply in respect of a

Disabled Member:

(a) A Disabled Member shall not be entitled to receive any

benefits under the Supplementary Plan while a Disabled Member.

(b) A Disabled Member shall continue to accrue Credited Service

for the purposes of the Supplementary Plan while a Disabled

Member and, for the purposes of this Supplementary Plan, shall

be deemed not to have reached Termination Date.

(c) The annualized Earnings of a Disabled Member with respect to

any period as a Disabled Member shall be deemed to be the

annualized Earnings in the calendar year in which the Member

became a Disabled Member.

4.02 Disability Retirement Benefit. On Normal Retirement Date, a Disabled

Member shall be entitled to receive a Supplementary Plan Benefit

determined in accordance with Section 3.02, with such Benefit being

subject to the provisions of Section 3.05.

5. GENERAL

5.01 Effect of the Agreements. The establishment of the Supplementary

Plan shall not affect any other agreements, rights, obligations,

duties or liabilities between the Member and the Company.

5.02 Interpretation. The Supplementary Plan shall be interpreted

according to the law of the Province of Alberta.

5.03 Conditions. All obligations and liabilities of the Company under

this Supplementary Plan are expressly made conditional upon the

Member:

(i) faithfully, honestly and diligently serving the Company,

devoting the entire working time while employed by the Company

to the service of the Company and using the Member's best

endeavours to promote the interests and welfare of the

Company;

(ii) making available, upon the reasonable request of the Company,

after retirement or termination of service from the Company

the benefit of the Member's experience and advice, provided

that the Company shall pay all proper costs and expenses in

connection with the services rendered;

(iii) not undertaking or carrying on any business, either alone or

on behalf of any person, persons, firms or corporation without

the approval of the Company;

(iv) not being employed or engaged in any business which is in

competition with that carried on by the Company.

Should the Member not satisfy these conditions, all rights of the

Member under this Supplementary Plan shall immediately cease and

terminate.

5.04 Continuance. This Supplementary Plan shall accrue to the benefit of

and be binding upon the Member and the Company, their respective

heirs, executors, administrators, successors and assigns and shall

not be assignable in whole or in part by either of them without the

prior written consent of the other.

5.05 Termination of the Plan. The Supplementary Plan will only be

terminated upon the discharge of all obligations hereunder to the

Member, his Spouse and/or beneficiaries or estate.

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**Exhibit 21**

**VIAD CORP**  
(DELAWARE)  
Active and Inactive (I) Subsidiaries and Affiliates\* as of December 31, 2004

**CONVENTION AND EVENT SERVICES GROUP**

|  |
| --- |
|  |
| EXG, Inc. (Delaware) |
| Giltspur Exhibits of Canada, Inc. (Ontario) |
| ***Exhibit Acquisition, Inc. (Pennsylvania)*** |
| GES Exposition Services (Canada) Limited (Canada) |
| Exposervice Standard Inc. (Canada) |
| Clarkson-Conway Inc. (Canada) |
| GES EXPOSITION SERVICES, INC. (Nevada) |
| ESR Exposition Service, Inc. (New Jersey) |
| Expo Accessories, Inc. (New York) |
| Expo Display & Design, Inc. (New Jersey) |
| Shows Unlimited, Inc. (Nevada) |
| Tradeshow Convention Services Inc. (Washington) |
| David H. Gibson Company, Inc. (Texas) |
| Las Vegas Convention Service Co. (Nevada) (I) |
| Viad Holding GmbH (Germany) |
| Exhibitgroup/Giltspur France S.A.R.L. (France) (I) |
| Voblo Verwaltungs GmbH (Germany) |
|  |
| **CORPORATE AND OTHER** |
|  |
| Tri-State Investment Company (Delaware) (27%) |
| Viad Service Companies Limited (United Kingdom) |
| NRI Limited (United Kingdom) (I) |
| SDD Exhibitions Limited (United Kingdom) (I)# |
| VREC, Inc. (Delaware) |
|  |
| **TRAVEL AND RECREATION SERVICES GROUP** |
|  |
| Glacier Park, Inc. (Arizona) (80%) |
| Waterton Transport Company, Limited (Alberta) |
| Greyhound Canada Holdings, Inc. (Alberta)~~ |
| Brewster Tours Inc. (Canada) |
| BREWSTER TRANSPORT COMPANY LIMITED (Alberta) |
| 859371 Alberta Ltd. (Alberta) |
| Brewster Inc. (Alberta) |
| CANFINCO LLC (Delaware) |

***Companies appearing in italicized bolding are in the process of being liquidated and dissolved.***

#Indicates a Convention and Event Services Subsidiary

~~ Indicates a Corporate and Other Subsidiary

\*Parent-subsidiary or affiliate relationships are shown by marginal indentation. State, province or country of incorporation and ownership percentage are shown in parentheses following name, except that no ownership percentage appears for subsidiaries owned 100% (in the aggregate) by Viad Corp. List does not include companies in which the aggregate direct and indirect interest of Viad Corp is less than 20%.

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Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 33-54465, 33-3307 and 33-61092 of Viad Corp on Form S-3 and Nos. 333-63397, 333-35231 and 333-99239 on Form S-8 of our report dated March 14, 2005, relating to the financial statements and financial statement schedule of Viad Corp (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the adoption of Statement of Financial Accounting Standards No. 142 described in Note 5), and managements report on the effectiveness of internal control over financial reporting appearing in this Annual Report on Form 10-K of Viad Corp for the year ended December 31, 2004.

**/s/ Deloitte & Touche LLP**  
Deloitte & Touche LLP

Phoenix, Arizona  
March 14, 2005

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**Exhibit 24**

**POWER OF ATTORNEY**

     KNOW ALL MEN BY THESE PRESENTS, that each director whose signature appears below constitutes and appoints Robert H. Bohannon and Ellen M. Ingersoll, and each of them severally, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign the Form 10-K Annual Report of Viad Corp for the fiscal year ended December 31, 2004, and any and all amendments thereto, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or either of them, or their or his or her substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

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|  |  |  |  |  |  |  |
| /s/ Wayne G. Allcott |  |  |  | February 23, 2005 |  |  |
|  |  |  |  |  |  |  |
| Wayne G. Allcott |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| /s/ Jess Hay |  |  |  | February 23, 2005 |  |  |
|  |  |  |  |  |  |  |
| Jess Hay |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| /s/ Judith K. Hofer |  |  |  | February 23, 2005 |  |  |
|  |  |  |  |  |  |  |
| Judith K. Hofer |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| /s/ Robert E. Munzenrider |  |  |  | February 23, 2005 |  |  |
|  |  |  |  |  |  |  |
| Robert E. Munzenrider |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| /s/ Albert M. Teplin |  |  |  | February 23, 2005 |  |  |
|  |  |  |  |  |  |  |
| Albert M. Teplin |  |  |  |  |  |  |

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**Exhibit 31.1**

**CERTIFICATION**

I, Robert H. Bohannon, certify that:

|  |  |
| --- | --- |
| 1. | I have reviewed this annual report on Form 10-K of Viad Corp; |

|  |  |
| --- | --- |
| 2. | Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; |

|  |  |
| --- | --- |
| 3. | Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report; |

|  |  |
| --- | --- |
| 4. | The registrants other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a 15(f) and 15d 15(f)) for the registrant and have: |

|  |  |  |  |
| --- | --- | --- | --- |
|  | a) | Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; |  |
|  | | | |
|  | b) | Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; |  |
|  | | | |
|  | c) | Evaluated the effectiveness of the registrants disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and |  |
|  | | | |
|  | d) | Disclosed in this report any change in the registrants internal control over financial reporting that occurred during the registrants most recent fiscal quarter (registrants fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrants internal control over financial reporting; and |  |

|  |  |
| --- | --- |
| 5. | The registrants other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrants auditors and the audit committee of registrants board of directors (or persons performing the equivalent function): |

|  |  |  |  |
| --- | --- | --- | --- |
|  | a) | All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrants ability to record, process, summarize and report financial information; and |  |
|  | | | |
|  | b) | Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrants internal control over financial reporting. |  |

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|  |  | | |  |
| Date: March 14, 2005 | By /s/ Robert H. Bohannon | | |  |
|  | Robert H. Bohannon | | |  |
|  | Chairman of the Board, President      and Chief Executive Officer | | |  |
|  | | | | |

##### 

**Exhibit 31.2**

**CERTIFICATION**

I, Ellen M. Ingersoll, certify that:

|  |  |
| --- | --- |
| 1. | I have reviewed this annual report on Form 10-K of Viad Corp; |

|  |  |
| --- | --- |
| 2. | Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; |

|  |  |
| --- | --- |
| 3. | Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report; |

|  |  |
| --- | --- |
| 4. | The registrants other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a 15(f) and 15d 15(f)) for the registrant and have: |

|  |  |  |  |
| --- | --- | --- | --- |
|  | a) | Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; |  |
|  | | | |
|  | b) | Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; |  |
|  | | | |
|  | c) | Evaluated the effectiveness of the registrants disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and |  |
|  | | | |
|  | d) | Disclosed in this report any change in the registrants internal control over financial reporting that occurred during the registrants most recent fiscal quarter (registrants fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrants internal control over financial reporting; and |  |

|  |  |
| --- | --- |
| 5. | The registrants other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrants auditors and the audit committee of registrants board of directors (or persons performing the equivalent function): |

|  |  |  |  |
| --- | --- | --- | --- |
|  | a) | All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrants ability to record, process, summarize and report financial information; and |  |
|  | | | |
|  | b) | Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrants internal control over financial reporting. |  |

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|  |  | | |  |
| Date: March 14, 2005 | By /s/ Ellen M. Ingersoll | | |  |
|  | Ellen M. Ingersoll | | |  |
|  | Chief Financial Officer | | |  |

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**Exhibit 32.1**

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

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

|  |  |
| --- | --- |
| 1. | the annual report on Form 10-K of Viad Corp for the fiscal year ended December 31, 2004 (the Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and |

|  |  |
| --- | --- |
| 2. | the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Viad Corp. |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |
|  |  | | |  |
| Date: March 14, 2005 | By /s/ Robert H. Bohannon | | |  |
|  | Robert H. Bohannon | | |  |
|  | Chief Executive Officer | | |  |

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**Exhibit 32.2**

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

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

|  |  |
| --- | --- |
| 1. | the annual report on Form 10-K of Viad Corp for the fiscal year ended December 31, 2004 (the Report) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and |

|  |  |
| --- | --- |
| 2. | the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Viad Corp. |

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| --- | --- | --- | --- | --- |
|  |  |  |  |  |
|  |  | | |  |
| Date: March 14, 2005 | By /s/ Ellen M. Ingersoll | | |  |
|  | Ellen M. Ingersoll | | |  |
|  | Chief Financial Officer | | |  |
|  | | | | |