

VIAD CORP  
Form 10-Q  
May 06, 2011

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q**

(Mark one)

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

For the quarterly period ended March 31, 2011

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

**Commission File Number: 001-11015**

**VIAD CORP**

(Exact name of registrant as specified in its charter)

**Delaware**

**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)

**(602) 207-4000**

(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer  Accelerated filer  Non-accelerated filer  Small reporting company

(Do not check if a smaller reporting company)

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

As of April 30, 2011, there were 20,373,807 shares of common stock (\$1.50 par value) outstanding.



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**VIAD CORP**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

	<b>March 31, 2011</b>	<b>December 31, 2010</b>
	<b>(in thousands, except share data)</b>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 148,356	\$ 145,841
Accounts receivable, net of allowance for doubtful accounts of \$1,376 and \$1,172, respectively	82,272	47,187
Inventories	33,444	38,670
Deferred income taxes	17,967	22,057
Other current assets	20,748	17,160
<b>Total current assets</b>	<b>302,787</b>	<b>270,915</b>
Property and equipment, net	159,460	149,346
Other investments and assets	31,642	31,363
Deferred income taxes	34,386	35,875
Goodwill	130,845	127,441
Other intangible assets, net	1,777	1,563
<b>Total Assets</b>	<b>\$ 660,897</b>	<b>\$ 616,503</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 78,029	\$ 47,933
Other current liabilities	99,595	96,749
Current portion of long-term debt and capital lease obligations	6,486	6,639
<b>Total current liabilities</b>	<b>184,110</b>	<b>151,321</b>
Long-term debt and capital lease obligations	2,409	2,438
Pension and postretirement benefits	33,262	33,008
Other deferred items and liabilities	41,599	43,025
<b>Total liabilities</b>	<b>261,380</b>	<b>229,792</b>
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Viad Corp stockholders' equity:		
Common stock, \$1.50 par value, 200,000,000 shares authorized, 24,934,981 shares issued	37,402	37,402
Additional capital	597,491	606,902
Retained deficit	(10,253)	(19,229)
Unearned employee benefits and other	(4,182)	(4,433)

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Accumulated other comprehensive income (loss):		
Unrealized gains on investments	340	282
Cumulative foreign currency translation adjustments	42,532	38,979
Unrecognized net actuarial loss and prior service credit	(10,404)	(10,410)
Common stock in treasury, at cost, 4,561,174 and 4,710,988 shares, respectively	(260,995)	(270,534)
Total Viad Corp stockholders' equity	391,931	378,959
Noncontrolling interest	7,586	7,752
Total stockholders' equity	399,517	386,711
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 660,897</b>	<b>\$ 616,503</b>

See Notes to Condensed Consolidated Financial Statements.

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## VIAD CORP

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

	<b>Three months ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
	<b>(in thousands, except per share data)</b>	
Revenues:		
Convention and event services	\$ 234,487	\$ 178,759
Exhibits and environments	49,851	38,181
Travel and recreation services	5,760	7,413
Total revenues	290,098	224,353
Costs and expenses:		
Costs of services	224,799	180,839
Costs of products sold	48,040	43,315
Corporate activities	1,271	644
Interest income	(214)	(96)
Interest expense	412	493
Restructuring charges	269	2,053
Total costs and expenses	274,577	227,248
Income (loss) before income taxes	15,521	(2,895)
Income tax expense	5,900	208
Net income (loss)	9,621	(3,103)
Net loss attributable to noncontrolling interest	166	121
<b>Net income (loss) attributable to Viad</b>	<b>\$ 9,787</b>	<b>\$ (2,982)</b>
Diluted income (loss) per common share		
<b>Net income (loss) attributable to Viad common stockholders</b>	<b>\$ 0.48</b>	<b>\$ (0.15)</b>
Weighted-average outstanding and potentially dilutive common shares	20,080	20,051
Basic income (loss) per common share		
<b>Net income (loss) attributable to Viad common stockholders</b>	<b>\$ 0.48</b>	<b>\$ (0.15)</b>
Weighted-average outstanding common shares	19,778	20,051

Dividends declared per common share	\$	0.04	\$	0.04
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See Notes to Condensed Consolidated Financial Statements.

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## VIAD CORP

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(Unaudited)**

	<b>Three months ended March</b>	
	<b>2011</b>	<b>2010</b>
	<b>31,</b>	
	<b>(in thousands)</b>	
<b>Net income (loss)</b>	\$ 9,621	\$ (3,103)
Other comprehensive income:		
Holding gains arising during the period, net of tax	58	59
Unrealized foreign currency translation adjustments, net of tax	3,553	4,046
Net actuarial loss, net of tax	204	(1,554)
Prior service credit, net of tax	(198)	(120)
Total other comprehensive income	3,617	2,431
Comprehensive income (loss)	13,238	(672)
Comprehensive loss attributable to noncontrolling interest	166	121
<b>Comprehensive income (loss) attributable to Viad</b>	<b>\$ 13,404</b>	<b>\$ (551)</b>

See Notes to Condensed Consolidated Financial Statements.

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## VIAD CORP

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)

	Three months ended March 31,	
	2011	2010
	(in thousands)	
<b>Cash flows from operating activities:</b>		
Net income (loss)	\$ 9,621	\$ (3,103)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	6,971	6,804
Deferred income taxes	4,925	3,141
Restructuring charges	269	2,053
Losses on dispositions of property and other assets	6	82
Share-based compensation expense	933	820
Excess tax benefit from share-based compensation arrangements	(54)	
Other non-cash items, net	1,050	959
Change in operating assets and liabilities:		
Receivables	(35,587)	(10,918)
Inventories	5,325	8,452
Accounts payable	31,665	8,183
Restructuring liabilities	(1,625)	(3,051)
Accrued compensation	131	2,594
Customer deposits	(2,461)	(2,893)
Income taxes payable	663	(5,237)
Other assets and liabilities, net	(1,488)	(138)
Net cash provided by operating activities	20,344	7,748
<b>Cash flows from investing activities:</b>		
Capital expenditures	(7,677)	(5,030)
Acquisition of business, net of cash acquired	(10,496)	
Proceeds from dispositions of property and other assets	224	14,354
Net cash provided by (used in) investing activities	(17,949)	9,324
<b>Cash flows from financing activities:</b>		
Payments on debt and capital lease obligations	(714)	(1,489)
Dividends paid on common stock	(815)	(822)
Common stock purchased for treasury	(668)	(573)
Excess tax benefit from share-based compensation arrangements	54	
Proceeds from exercise of stock options	163	
Net cash used in financing activities	(1,980)	(2,884)
Effect of exchange rate changes on cash and cash equivalents	2,100	503

Net increase in cash and cash equivalents	2,515	14,691
Cash and cash equivalents, beginning of year	145,841	116,342
<b>Cash and cash equivalents, end of period</b>	<b>\$ 148,356</b>	<b>\$ 131,033</b>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the period for:		
Income taxes	\$ 3,500	\$ 1,634
Interest	\$ 185	\$ 216
Equipment acquired under capital leases	\$ 517	\$ 247

See Notes to Condensed Consolidated Financial Statements.

Table of Contents**VIAD CORP****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****(Unaudited)****Note 1. Basis of Preparation and Principles of Consolidation**

The accompanying unaudited, condensed consolidated financial statements of Viad Corp ( Viad or the Company ) have been prepared in accordance with accounting principles generally accepted in the United States of America ( GAAP ) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2011 are not necessarily indicative of the results that may be expected for the year ending December 31, 2011.

For further information, refer to the consolidated financial statements and related footnotes for the year ended December 31, 2010, included in the Company s Form 10-K (File No. 001-11015), filed with the Securities and Exchange Commission on March 4, 2011.

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

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

The Travel & Recreation Group segment consists of Brewster Inc. ( Brewster ) and Glacier Park, Inc. ( Glacier Park ). Brewster provides tourism services in the Canadian Rockies in Alberta and in other parts of Western Canada. Brewster s operations include the Banff Gondola, Columbia Icefield Glacier Adventure, motorcoach services, charter and sightseeing services, tour boat operations, inbound package tour operations and hotel operations. Glacier Park operates four historic lodges, three motor inns and one four-season resort hotel and provides food and beverage operations, retail operations and tour and transportation services in and around Glacier National Park in Montana and Waterton Lakes National Park in Alberta, Canada. Glacier Park is an 80 percent owned subsidiary of Viad.

**Note 2. Share-Based Compensation**

The following table summarizes share-based compensation expense for the three months ended March 31:

	<b>2011</b>	<b>2010</b>
	<b>(in thousands)</b>	
Stock options	\$ 147	\$ 113
Restricted stock/performance-based restricted stock ( PBRS )	678	675
Restricted stock units/PBRS units	43	35
Performance unit incentive plan ( PUP )	65	(3)
Total share-based compensation before income tax benefit	933	820
Income tax benefit	(331)	(287)
Total share-based compensation, net of income tax benefit	\$ 602	\$ 533

In addition, \$108,000 and \$466,000 of costs associated with share-based compensation were included in restructuring charges during the three months ended March 31, 2011 and 2010, respectively.



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The following table summarizes restricted stock and PBRs activity during the three months ended March 31, 2011:

	<b>Restricted Stock</b>		<b>PBRs</b>	
	<b>Shares</b>	<b>Weighted-Average Grant Date Fair Value</b>	<b>Shares</b>	<b>Weighted-Average Grant Date Fair Value</b>
Balance at January 1, 2011	478,499	\$ 21.51	18,830	\$ 33.02
Granted	170,700	23.01		
Vested	(89,312)	31.29	(18,414)	33.42
Forfeited	(700)	19.34		
Balance at March 31, 2011	559,187	20.41	416	15.36

The unamortized cost of all outstanding restricted stock and PBRs awards as of March 31, 2011 was \$6.1 million, which Viad expects to recognize in the consolidated financial statements over a weighted-average period of approximately 2.5 years. During the three months ended March 31, 2011 and 2010, the Company repurchased 28,152 shares for \$668,000 and 28,407 shares for \$573,000, respectively, related to tax withholding requirements on vested share-based awards. As of March 31, 2011, there were 998,104 total shares available for future grant.

The following table summarizes the liability-based award activity during the three months ended March 31, 2011:

	<b>Restricted Stock Units</b>		<b>PBRs Units</b>		<b>PUP Awards</b>	
	<b>Units</b>	<b>Weighted-Average Grant Date Fair Value</b>	<b>Units</b>	<b>Weighted-Average Grant Date Fair Value</b>	<b>Units</b>	<b>Weighted-Average Grant Date Fair Value</b>
Balance at January 1, 2011	26,050	\$ 17.18	3,914	\$ 15.36	102,960	\$ 33.81
Granted	12,550	23.01			94,300	23.01
Vested			(1,958)	15.36		
Cancelled					(102,960)	33.81
Balance at March 31, 2011	38,600	19.07	1,956	15.36	94,300	23.01

As of March 31, 2011 and December 31, 2010, Viad had liabilities recorded of \$398,000 and \$407,000, respectively, related to restricted stock unit and PBRs unit liability awards. A portion of the 2009 PBRs unit award vested effective December 31, 2009 and cash payouts of \$52,000 and \$37,000 were distributed in January 2011 and March 2010, respectively.

As of March 31, 2011, Viad had a liability recorded of \$65,000 related to PUP awards. The PUP awards for the 2007-2009 period vested effective December 31, 2009 and a cash payout of \$19,000 was distributed in March 2010. No cash payouts of PUP awards were made during the three months ended March 31, 2011. During the three months ended March 31, 2011, 102,960 PUP awards were cancelled as the performance conditions related to those awards for the 2008-2010 period were not achieved.

The following table summarizes stock option activity during the three months ended March 31, 2011:

	<b>Shares</b>	<b>Weighted-Average Exercise Price</b>	<b>Options</b>
			<b>Exercisable</b>
Options outstanding at January 1, 2011	763,794	\$ 23.38	451,194

Exercised	(7,866)	20.56	
Forfeited or expired	(131,231)	24.16	
Options outstanding at March 31, 2011	624,697	23.26	418,118

The total unrecognized cost related to non-vested stock option awards was \$1.1 million as of March 31, 2011, which Viad expects to recognize in the consolidated financial statements over a weighted-average period of approximately 2.2 years. No stock options were granted during the three months ended March 31, 2011.

In addition to the above, Viad had stock options outstanding which were granted to employees of MoneyGram International, Inc. ( MoneyGram ) prior to the spin-off of that company in 2004. As of March 31, 2011, there were 12,613 of such options outstanding and exercisable, both with exercise prices ranging from \$19.57 to \$26.31. The weighted-average remaining contractual life of these options outstanding was less than one year. During the three months ended March 31, 2011, 100 options were exercised by MoneyGram participants at an exercise price of \$19.57.

**Table of Contents****Note 3. Acquisition of Business**

On January 5, 2011, Viad completed the acquisition of Grouse Mountain Lodge for \$10.5 million in cash. Grouse Mountain Lodge is a 145-room, four-season resort hotel located in Whitefish, Montana, which will be operated by Glacier Park within the Travel & Recreation Group segment. The following condensed balance sheet information represents the preliminary amounts assigned to each major asset and liability caption of Grouse Mountain Lodge as of the date of acquisition:

	<b>(in thousands)</b>
Cash and cash equivalents	\$ 9
Other current assets	126
Property and equipment	8,750
Goodwill	1,331
Other intangible assets	400
<b>Total assets acquired</b>	<b>10,616</b>
Customer deposits	(99)
Other current liabilities	(12)
<b>Total liabilities acquired</b>	<b>(111)</b>
<b>Purchase price</b>	<b>\$ 10,505</b>

The Company recorded \$1.3 million of goodwill in connection with the transaction, which is included in the Travel & Recreation Group segment. The primary factor that contributed to a purchase price resulting in the recognition of goodwill relates to future growth opportunities. The entire amount of goodwill related to the acquisition is expected to be deductible for tax purposes over a period of 15 years. The amount assigned to other intangible assets includes \$400,000 related to a non-amortized business license. See Note 6. Transaction costs incurred by the Company related to the acquisition were insignificant. The results of operations of Grouse Mountain Lodge have been included in Viad's consolidated financial statements from the date of acquisition. Supplemental pro forma information for Grouse Mountain Lodge was not material to Viad's financial results for the three months ended March 31, 2010 and has, therefore, not been included.

**Note 4. Inventories**

The components of inventories were as follows:

	<b>March 31, 2011</b>	<b>December 31, 2010</b>
	<b>(in thousands)</b>	
Raw materials	\$ 17,176	\$ 18,488
Work in process	16,268	20,182
<b>Inventories</b>	<b>\$ 33,444</b>	<b>\$ 38,670</b>

**Note 5. Property and Equipment**

Property and equipment consisted of the following:

<b>March 31, 2011</b>	<b>December 31, 2010</b>
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	<b>(in thousands)</b>	
Land	\$ 11,034	\$ 9,139
Buildings and leasehold improvements	97,949	89,945
Equipment and other	307,580	299,558
	416,563	398,642
Accumulated depreciation	(257,103)	(249,296)
Property and equipment, net	\$ 159,460	\$ 149,346

Depreciation expense for the three months ended March 31, 2011 and 2010 was \$6.8 million and \$6.6 million, respectively.

In March 2010, Viad completed the sale of a non-strategic real estate asset related to the Travel & Recreation Group consisting of land, building and related improvements for \$14.3 million (net of selling costs).

**Table of Contents****Note 6. Goodwill and Other Intangible Assets**

The changes in the carrying amount of goodwill for the three months ended March 31, 2011 were as follows:

	<b>Marketing &amp; Events U.S.</b>	<b>Marketing &amp; Events International</b>	<b>Travel &amp; Recreation Group</b>	<b>Total</b>
	<b>(in thousands)</b>			
Balance at January 1, 2011	\$ 62,686	\$ 22,455	\$ 42,300	\$ 127,441
Business acquisition			1,331	1,331
Foreign currency translation adjustments		644	1,429	2,073
Balance at March 31, 2011	\$ 62,686	\$ 23,099	\$ 45,060	\$ 130,845

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

	<b>Gross Carrying Value</b>	<b>Accumulated Amortization (in thousands)</b>	<b>Net Carrying Value</b>
Amortized intangible assets:			
Customer contracts and relationships	\$ 2,533	\$ (1,298)	\$ 1,235
Proprietary technology	524	(477)	47
Design libraries	175	(131)	44
Other	171	(120)	51
	3,403	(2,026)	1,377
Unamortized intangible assets:			
Business license	400		400
Total	\$ 3,803	\$ (2,026)	\$ 1,777

A summary of amortized other intangible assets as of December 31, 2010 is presented below:

	<b>Gross Carrying Value</b>	<b>Accumulated Amortization (in thousands)</b>	<b>Net Carrying Value</b>
Customer contracts and relationships	\$ 2,506	\$ (1,135)	\$ 1,371
Proprietary technology	517	(448)	69
Design libraries	175	(110)	65
Other	166	(108)	58
	\$ 3,364	\$ (1,801)	\$ 1,563

Intangible asset amortization expense for the three months ended March 31, 2011 and 2010 was \$195,000 and \$243,000, respectively. Estimated amortization expense related to amortized intangible assets for future periods is

expected to be as follows:

	<b>(in thousands)</b>
2011	\$ 529
2012	\$ 360
2013	\$ 350
2014	\$ 119
2015	\$ 19

**Table of Contents****Note 7. Accrued Liabilities and Other**

Other current liabilities consisted of the following:

	<b>March 31, 2011</b>	<b>December 31, 2010</b>
	<b>(in thousands)</b>	
Continuing operations:		
Customer deposits	\$ 41,049	\$ 43,411
Accrued compensation	18,605	17,599
Self-insured liability accrual	7,984	8,278
Accrued restructuring	3,172	4,272
Accrued sales and use taxes	2,542	2,990
Accrued foreign income taxes	1,445	2,852
Accrued dividends	834	827
Other	21,848	14,211
	97,479	94,440
Discontinued operations:		
Environmental remediation liabilities	1,098	1,124
Self-insured liability accrual	512	552
Other	506	633
	2,116	2,309
Total other current liabilities	\$ 99,595	\$ 96,749

Other deferred items and liabilities consisted of the following:

	<b>March 31, 2011</b>	<b>December 31, 2010</b>
	<b>(in thousands)</b>	
Continuing operations:		
Self-insured liability accrual	\$ 14,255	\$ 14,330
Accrued compensation	4,362	5,129
Accrued restructuring	3,316	3,724
Foreign deferred tax liability	1,598	1,582
Accrued income taxes	111	146
Other	3,824	3,945
	27,466	28,856
Discontinued operations:		
Self-insured liability accrual	6,834	6,898
Environmental remediation liabilities	4,900	4,953
Accrued income taxes	994	987
Other	1,405	1,331

	14,133	14,169
Total other deferred items and liabilities	\$ 41,599	\$ 43,025

**Note 8. Debt**

As of March 31, 2011, Viad's total debt of \$8.9 million consisted of \$4.7 million of capital lease obligations and a \$4.2 million borrowing under the Company's secured revolving credit agreement (the Credit Facility). The Credit Facility provides for a \$75 million revolving line of credit, which may be increased up to an additional \$50 million under certain circumstances. The term of the Credit Facility is five years (expiring on June 15, 2011) and borrowings are to be used for general corporate purposes (including permitted acquisitions) and to support up to \$25 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. Viad is in discussions with its agent bank on the renewal of the Credit Facility and expects to have a new facility in place before its June 15, 2011 expiration.

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Borrowings under the Credit Facility (of which GES is a guarantor) are indexed to London Interbank Offered Rate, plus appropriate spreads tied to Viad's leverage ratio. Commitment fees and letters of credit fees are also tied to Viad's leverage ratio. The fees on the unused portion of the Credit Facility are currently 0.375 percent annually.

As of March 31, 2011, Viad had \$66.2 million of capacity remaining under its Credit Facility reflecting the outstanding borrowing of \$4.2 million and outstanding letters of credit of \$4.6 million. On April 28, 2011, Viad paid off its outstanding borrowing under the Credit Facility of \$4.2 million. Financial covenants include a fixed-charge coverage ratio of not less than 1.00 to 1 and a leverage ratio of not greater than 2.50 to 1. Additionally, Viad must maintain a consolidated minimum cash balance of \$50 million. As of March 31, 2011, the fixed-charge coverage and leverage ratios were 1.51 to 1 and 0.42 to 1, respectively. Significant other covenants include limitations on: investments, common stock dividends, stock repurchases, additional indebtedness, sales/leases of assets, acquisitions, consolidations or mergers and liens on property. The terms of the Credit Facility restrict Viad from paying more than \$5 million in dividends in the aggregate in any calendar year and also restrict the Company from repurchasing more than \$10 million in the aggregate of the Company's common stock during the remainder of the Credit Facility term. As of March 31, 2011, Viad was in compliance with all covenants.

The estimated fair value of total debt was \$8.9 million and \$9.2 million as of March 31, 2011 and December 31, 2010, respectively. The fair value of debt was estimated by discounting the future cash flows using rates currently available for debt of similar terms and maturity.

**Note 9. Stockholders' Equity**

The following represents a reconciliation of the carrying amounts of stockholders' equity attributable to Viad and the noncontrolling interest for the three months ended March 31, 2011:

	<b>Total Viad Stockholders Equity</b>	<b>Noncontrolling Interest (in thousands)</b>	<b>Total Stockholders Equity</b>
Balance at January 1, 2011	\$ 378,959	\$ 7,752	\$ 386,711
Net income (loss)	9,787	(166)	9,621
Dividends on common stock	(815)		(815)
Common stock purchased for treasury	(668)		(668)
Employee benefit plans	790		790
Unrealized foreign currency translation adjustment	3,553		3,553
Unrealized gain on investments	58		58
Prior service credit and net actuarial loss	6		6
ESOP allocation adjustment	250		250
Other	11		11
Balance at March 31, 2011	\$ 391,931	\$ 7,586	\$ 399,517

The following represents a reconciliation of the carrying amounts of stockholders' equity attributable to Viad and the noncontrolling interest for the three months ended March 31, 2010:

	<b>Total Viad Stockholders Equity</b>	<b>Noncontrolling Interest (in thousands)</b>	<b>Total Stockholders Equity</b>
Balance at January 1, 2010	\$ 377,515	\$ 7,116	\$ 384,631
Net loss	(2,982)	(121)	(3,103)

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Dividends on common stock	(822)		(822)
Common stock purchased for treasury	(573)		(573)
Employee benefit plans	752		752
Unrealized foreign currency translation adjustment	4,046		4,046
Unrealized gain on investments	59		59
Prior service credit and net actuarial loss	(1,674)		(1,674)
ESOP allocation adjustment	250		250
Other	9		9
Balance at March 31, 2010	\$ 376,580	\$ 6,995	\$ 383,575

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Viad has announced its intent to repurchase shares of the Company's common stock from time to time at prevailing market prices. No shares were repurchased during the three months ended March 31, 2011 or 2010. As of March 31, 2011, 304,381 shares remain available for repurchase. Additionally, during the three months ended March 31, 2011 and 2010, the Company repurchased 28,152 shares for \$668,000 and 28,407 shares for \$573,000, respectively, related to tax withholding requirements on share-based awards.

**Note 10. Fair Value Measurements**

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

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

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

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

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

	<b>Fair Value Measurements at March 31, 2011</b>			
	<b>March 31, 2011</b>	<b>Quoted Prices in Active Markets (Level 1)</b>	<b>Other Observable Inputs (Level 2)</b>	<b>Significant Unobserved Inputs (Level 3)</b>
	<b>(in thousands)</b>			
Assets:				
Money market funds	\$ 32,797	\$ 32,797	\$	\$
Other mutual funds	1,755	1,755		
Total	\$ 34,552	\$ 34,552	\$	\$

As of March 31, 2011 and December 31, 2010, Viad had investments in money market mutual funds of \$32.8 million and \$31.3 million, respectively, which were included in the consolidated balance sheets under the caption Cash and cash equivalents. These investments were classified as available-for-sale and were recorded at fair value. There have been no realized or unrealized gains or losses related to these investments and the Company has not experienced any redemption restrictions with respect to any of the money market mutual funds.

As of March 31, 2011 and December 31, 2010, Viad had investments in other mutual funds of \$1.8 million and \$1.7 million, respectively, which were classified in the consolidated balance sheets under the caption Other investments and assets. These investments were classified as available-for-sale and were recorded at fair value. As of March 31, 2011 and December 31, 2010, there were unrealized gains on the investments of \$557,000 (\$340,000 after-tax) and \$462,000 (\$282,000 after-tax), respectively, which were included in the consolidated balance sheets under the caption Accumulated other comprehensive income (loss).

The carrying values of cash and cash equivalents, receivables and accounts payable approximate fair value due to the short-term maturities of these instruments. The estimated fair value of debt obligations is disclosed in Note 8.





**Table of Contents****Note 11. Income Per Share**

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

	<b>Three months ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
	<b>(in thousands, except per share data)</b>	
<b>Basic net income (loss) per share</b>		
Numerator:		
Net income (loss) attributable to Viad	\$ 9,787	\$ (2,982)
Less: Allocation to non-vested shares	(240)	
Net income (loss) allocated to Viad common stockholders	\$ 9,547	\$ (2,982)
Denominator:		
Weighted-average outstanding common shares	19,778	20,051
Net income (loss) attributable to Viad common stockholders	\$ 0.48	\$ (0.15)
<b>Diluted net income (loss) per share</b>		
Numerator:		
Net income (loss) attributable to Viad	\$ 9,787	\$ (2,982)
Denominator:		
Weighted-average outstanding shares	19,778	20,051
Additional dilutive shares related to share-based compensation	302	
Weighted-average outstanding and potentially dilutive shares	20,080	20,051
Net income (loss) attributable to Viad common stockholders <sup>(1)</sup>	\$ 0.48	\$ (0.15)

<sup>(1)</sup> Diluted income per share cannot exceed basic income per share.

Options to purchase 369,000 and 492,000 shares of common stock were outstanding during the three months ended March 31, 2011 and 2010, respectively, but were not included in the computation of dilutive shares outstanding because the effect would be anti-dilutive. Additionally, 302,000 share-based compensation awards were considered dilutive and included in the computation of diluted income per share during the three months ended March 31, 2011. In addition, 264,000 share-based compensation awards 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 loss reported during the three months ended March 31, 2010, thereby making such shares anti-dilutive.

**Note 12. Income Taxes**

The following represents a reconciliation of income tax expense and the amount that would be computed using the statutory federal income tax rates for the three months ended March 31:

**2011****2010**

**(in thousands)**

Computed income tax expense (benefit) at statutory federal income tax rate of 35%	\$ 5,432	35.0%	\$ (1,013)	35.0%
State income tax expense (benefit), net of federal benefit or provision	640	4.1%	(139)	4.8%
Change in enacted tax law		0.0%	1,279	(44.2%)
Other, net	(172)	(1.1%)	81	(2.8%)
Income tax expense	\$ 5,900	38.0%	\$ 208	(7.2%)

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In March 2010, the Patient Protection and Affordable Care Act and a related measure, the Health Care and Education Affordability Reconciliation Act of 2010, were both enacted into law. As a result of this legislation, the tax deductions for the portion of the prescription drug costs for which Viad receives a Medicare Part D subsidy have been eliminated for tax years beginning after December 31, 2012. Accordingly, during the three months ended March 31, 2010, Viad reduced its deferred tax asset related to its postretirement benefit plan liability to reflect the change in the tax law. The reduction in the deferred tax asset resulted in an increase to income tax expense of \$1.3 million during the three months ended March 31, 2010.

As of March 31, 2011 and December 31, 2010, Viad had gross deferred tax assets of \$60.6 million and \$67.1 million, respectively. These deferred tax assets reflect the expected future tax benefits to be realized upon reversal of deductible temporary differences, and the utilization of net operating loss and tax credit carryforwards.

During 2010 and 2009, Viad recorded pre-tax losses from its operations in the United States. The Company considered the negative evidence of these domestic pre-tax operating losses on the future recoverability of its deferred tax assets. Viad also considered positive evidence regarding the realization of deferred tax assets including the Company's historical and forecasted taxable income, taxpaying history and future reversals of deferred tax liabilities. Furthermore, Viad also considered the fact that goodwill impairment losses are not tax deductible and thus did not contribute to tax losses in 2009. As of both March 31, 2011 and December 31, 2010, Viad had a valuation allowance of \$411,000 related to certain state deferred tax assets. With respect to all other deferred tax assets, management believes that recovery from future taxable income is more-likely-than-not.

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

As of March 31, 2011 and December 31, 2010, Viad did not have any accrued gross liabilities associated with uncertain tax positions for continuing operations. However, as of March 31, 2011 and December 31, 2010, Viad had accrued interest and penalties related to uncertain tax positions for continuing operations of \$111,000 and \$146,000, respectively. Viad classifies interest and penalties related to income tax liabilities as a component of income tax expense. During the three months ended March 31, 2011 and 2010, Viad recorded a tax-related interest expense credit of \$35,000 and expense of \$12,000, respectively.

In addition to the above, Viad had accrued gross liabilities associated with uncertain tax positions for discontinued operations of \$636,000 as of both March 31, 2011 and December 31, 2010. In addition, as of March 31, 2011 and December 31, 2010, Viad had accrued interest and penalties related to uncertain tax positions for discontinued operations of \$359,000 and \$351,000, respectively. Future tax resolutions or settlements that may occur related to these uncertain tax positions would be recorded through discontinued operations (net of federal tax effects, if applicable).

As of both March 31, 2011 and December 31, 2010, liabilities associated with uncertain tax positions (including interest and penalties) of \$1.1 million were classified as non-current liabilities, respectively.

**Note 13. Pension and Postretirement Benefits**

The net periodic benefit cost of Viad's pension and postretirement benefit plans for the three months ended March 31, included the following components:

	<b>Domestic Plans</b>						<b>Foreign</b>	
	<b>Pension Plans</b>		<b>Postretirement Benefit Plans</b>		<b>Pension Plans</b>			
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>		
	<b>(in thousands)</b>							
Service cost	\$ 37	\$ 53	\$ 37	\$ 27	\$ 92	\$ 75		

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Interest cost	300	311	232	265	182	193
Expected return on plan assets	(141)	(149)	(33)	(41)	(167)	(149)
Amortization of prior service cost (credit)		10	(319)	(293)		
Recognized net actuarial loss	170	139	160	157	3	
Net periodic benefit cost	\$ 366	\$ 364	\$ 77	\$ 115	\$ 110	\$ 119

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Viad expects to contribute \$1.7 million to its funded pension plans, \$958,000 to its unfunded pension plans and \$500,000 to its postretirement benefit plans in 2011. As of March 31, 2011, Viad had contributed \$198,000 to its funded pension plans and \$236,000 to its unfunded pension plans. No contributions were made to the postretirement benefit plans during the three months ended March 31, 2011.

**Note 14. Restructuring Charges**

During the three months ended March 31, 2011, Viad recorded aggregate restructuring charges of \$456,000 primarily related to reorganization activities in the Marketing & Events Group, comprised of the elimination of certain positions. Additionally, Viad recorded a reversal of \$187,000 during the three months ended March 31, 2011 related to severance and employee benefits. The remaining restructuring liabilities related to future lease payment obligations will be made over the remaining lease terms and severance and employee benefits are expected to be paid by the end of 2011.

The table below represents a reconciliation of beginning and ending liability balances by major restructuring activity for the three months ended March 31, 2011:

	<b>Marketing &amp; Events Group Consolidation</b>		<b>Other Restructurings</b>		
	<b>Severance &amp; Employee Benefits</b>	<b>Facilities</b>	<b>Severance &amp; Employee Benefits</b>	<b>Facilities</b>	<b>Total</b>
	<b>(in thousands)</b>				
Balance at January 1, 2011	\$ 1,106	\$ 5,051	\$ 197	\$ 1,642	\$ 7,996
Restructuring charges	269				269
Cash payments	(442)	(810)	(190)	(183)	(1,625)
Adjustment to liability	(108)			(91)	(199)
Foreign currency translation adjustment	33	14			47
Balance at March 31, 2011	\$ 858	\$ 4,255	\$ 7	\$ 1,368	\$ 6,488

**Note 15. Litigation, Claims, Contingencies and Other**

Viad and certain of its subsidiaries are plaintiffs or defendants to various actions, proceedings and pending claims, some of which involve, or may involve, compensatory, punitive or other damages. Litigation is subject to many uncertainties and it is possible that some of the legal actions, proceedings or claims could be decided against Viad. Although the amount of liability as of March 31, 2011, with respect to certain of these matters is not ascertainable, Viad believes that any resulting liability, after taking into consideration amounts already provided for, including insurance coverage, will not have a material impact on the Company's business, financial position or results of operations.

Viad is subject to various U.S. federal, state and foreign laws and regulations governing the prevention of pollution and the protection of the environment in the jurisdictions in which Viad has or had operations. If the Company has failed to comply with these environmental laws and regulations, civil and criminal penalties could be imposed and Viad could become subject to regulatory enforcement actions in the form of injunctions and cease and desist orders. As is the case with many companies, Viad also faces exposure to actual or potential claims and lawsuits involving environmental matters relating to its past operations. Although it is a party to certain environmental disputes, Viad believes that any resulting liabilities, after taking into consideration amounts already provided for, including insurance coverage, will not have a material effect on the Company's financial position or results of operations. As of March 31, 2011, there was a remaining environmental remediation liability of \$6.0 million related to previously sold operations of which \$1.1 million was included in the consolidated balance sheets under the caption "Other current liabilities" and

\$4.9 million under the caption Other deferred items and liabilities.

As of March 31, 2011, Viad had certain obligations under guarantees to third parties on behalf of its subsidiaries. These guarantees are not subject to liability recognition in the consolidated financial statements and relate to leased facilities entered into by Viad's subsidiary operations. The Company would generally be required to make payments to the respective third parties under these guarantees in the event that the related subsidiary could not meet its own payment obligations. The maximum potential amount of future payments that Viad would be required to make under all guarantees existing as of March 31, 2011 would be \$34.6 million. These guarantees relate to leased facilities expiring through October 2017. There are no recourse provisions that would enable Viad to recover from third parties any payments made under the guarantees. Furthermore, there are no collateral or similar arrangements whereby Viad could recover payments.

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Viad's businesses contribute to various multi-employer pension plans based on obligations arising under collective bargaining agreements covering its union-represented employees. Based upon the information available to Viad from plan administrators, management believes that several of these multi-employer plans are underfunded. The Pension Protection Act of 2006 requires pension plans underfunded at certain levels to reduce, over defined time periods, the underfunded status. In addition, under current laws, the termination of a plan, or a voluntary withdrawal from a plan by Viad, or a shrinking contribution base to a plan as a result of the insolvency or withdrawal of other contributing employers to such plan would require Viad to make payments to such plan for its proportionate share of the plan's unfunded vested liabilities. As of March 31, 2011, the amount of additional funding, if any, that Viad would be required to make related to multi-employer pension plans is not ascertainable.

Glacier Park operates the concession portion of its business under a concession contract with the U.S. National Park Service (the Park Service) for Glacier National Park. Glacier Park's original 25-year concession contract with the Park Service that was to expire on December 31, 2005, has been extended for six one-year periods and now expires on December 31, 2011. The Park Service, in its sole discretion, may continue extending Glacier Park's concession contract in one-year increments. When this contract ultimately expires, Glacier Park will have the opportunity to bid on a new concession contract. If Glacier Park does secure a new contract, possible terms would be for 10, 15 or 20 years. Glacier Park generated approximately 70 percent of its 2010 revenue through its concession contract for services provided within Glacier National Park. If a new concessionaire is selected by the Park Service, Glacier Park's remaining business would consist of its operations at Waterton Lakes National Park, Alberta, Canada; East Glacier, Montana and Whitefish, Montana. In such a circumstance, Glacier Park would be entitled to an amount equal to its possessory interest, which generally means the value of the structures acquired or constructed, fixtures installed and improvements made to the concession property at Glacier National Park during the term of the concession contract. Glacier Park owns its Glacier Park Lodge operations in East Glacier, Montana as well as the Grouse Mountain Lodge in Whitefish, Montana. Glacier Park also owns the Prince of Wales Hotel in Waterton Lakes National Park, which is operated under a 42-year ground lease with the Canadian government running through January 31, 2052. Glacier Park generated 25 percent of Travel & Recreation Group's full year 2010 segment operating income.



**Table of Contents****Note 16. Segment Information**

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

	<b>Three months ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
	<b>(in thousands)</b>	
Revenues:		
Marketing & Events Group:		
U.S.	\$ 231,695	\$ 169,409
International	53,954	50,367
Intersegment eliminations	(1,311)	(2,836)
	284,338	216,940
Travel & Recreation Group	5,760	7,413
	\$ 290,098	\$ 224,353
Segment operating income (loss):		
Marketing & Events Group:		
U.S.	\$ 17,934	\$ (49)
International	3,785	2,637
	21,719	2,588
Travel & Recreation Group	(4,460)	(2,389)
	17,259	199
Corporate activities	(1,271)	(644)
	15,988	(445)
Interest income	214	96
Interest expense	(412)	(493)
Restructuring recoveries (charges):		
Marketing & Events U.S.	(456)	(2,053)
Marketing & Events International	187	
Income (loss) before income taxes	\$ 15,521	\$ (2,895)
	<b>March 31,</b>	<b>December 31,</b>
	<b>2011</b>	<b>2010</b>
	<b>(in thousands)</b>	
Assets:		

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Marketing & Events U.S.	\$ 249,320	\$ 235,965
Marketing & Events International	94,433	83,441
Travel & Recreation Group	170,652	157,562
Corporate and other	146,492	139,535
	\$ 660,897	\$ 616,503

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**Note 17. Impact of Recent Accounting Pronouncements**

In October 2009, the Financial Accounting Standards Board ( FASB ) issued new guidance related to revenue arrangements with multiple deliverables, which is codified in Accounting Standards Codification ( ASC ) Topic 605. This guidance changes the requirements for establishing separate units of accounting for multiple-deliverable revenue arrangements and requires revenue to be allocated to each deliverable based on the relative selling price. The new guidance is effective prospectively for revenue arrangements entered into in fiscal years beginning on or after June 15, 2010, with early adoption permitted provided that the guidance is retrospectively applied to the beginning of the period of adoption. Viad adopted the provisions of this guidance on January 1, 2011, which did not have a material impact on Viad's financial position or results of operations.

In December 2010, the FASB issued new guidance related to goodwill impairment testing, which is codified in ASC Topic 350. This guidance modifies step one of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform step two of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In making this assessment, entities should consider whether there are any adverse qualitative factors indicating that an impairment may exist. This new guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. Viad adopted the provisions of this guidance on January 1, 2011, which did not have a material impact on Viad's financial position or results of operations.

**Table of Contents****Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

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

**Overview:**

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

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

The Travel & Recreation Group segment consists of Brewster Inc. ( Brewster ) and Glacier Park, Inc. ( Glacier Park ). Brewster provides tourism services in the Canadian Rockies in Alberta and in other parts of Western Canada. Brewster's operations include the Banff Gondola, Columbia Icefield Glacier Adventure, motorcoach services, charter and sightseeing services, tour boat operations, inbound package tour operations and hotel operations. Glacier Park operates four historic lodges, three motor inns and one four-season resort hotel and provides food and beverage operations, retail operations and tour and transportation services in and around Glacier National Park in Montana and Waterton Lakes National Park in Alberta, Canada. Glacier Park is an 80 percent owned subsidiary of Viad.

The following are financial highlights of the first quarter of 2011 presented in accordance with accounting principles generally accepted in the United States of America ( GAAP ):

**Viad Corp (Consolidated)**

- Total revenues of \$290.1 million compared to \$224.4 million in the first quarter of 2010
- Net income attributable to Viad of \$9.8 million versus a loss of \$3.0 million in the first quarter of 2010
- Diluted income per share of \$0.48 versus a loss per share of \$0.15 in the first quarter of 2010
- Cash and cash equivalents totaled \$148.4 million as of March 31, 2011
- Debt was \$8.9 million as of March 31, 2011

***Marketing & Events U.S.***

- Revenues of \$231.7 million, an increase of 36.8 percent from the first quarter of 2010
- Segment operating income of \$17.9 million, as compared to a loss of \$49,000 in the first quarter of 2010

***Marketing & Events International***

- Revenues of \$54.0 million, an increase of 7.1 percent from the first quarter of 2010
- Segment operating income of \$3.8 million, as compared to \$2.6 million in the first quarter of 2010

***Travel & Recreation Group***

- Revenues of \$5.8 million, a decrease of 22.3 percent from the first quarter of 2010
- Segment operating loss of \$4.5 million, as compared to a loss of \$2.4 million in the first quarter of 2010

**Non-GAAP Measure:**

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

considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with GAAP.

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

A reconciliation of Adjusted EBITDA to net income (loss) attributable to Viad for the first quarter is as follows:

	<b>2011</b>	<b>2010</b>
	<b>(in thousands)</b>	
Adjusted EBITDA	\$ 23,070	\$ 4,523
Interest expense	(412)	(493)
Income tax expense	(5,900)	(208)
Depreciation and amortization	(6,971)	(6,804)
Net income (loss) attributable to Viad	\$ 9,787	\$ (2,982)

The increase in Adjusted EBITDA of \$18.5 million for the first quarter of 2011 compared to the first quarter of 2010 was primarily driven by higher segment operating results at the Marketing & Events U.S. segment and lower restructuring charges, partially offset by lower segment operating results at the Travel & Recreation Group. See Results of Operations below for a discussion of fluctuations.

**Results of Operations:****Comparison of First quarter of 2011 to the First Quarter of 2010**

Revenues for the first quarter of 2011 increased 29.3 percent to \$290.1 million compared to \$224.4 million in the first quarter of 2010. Viad's income before income taxes was \$15.5 million for the first quarter of 2011 compared to a loss of \$2.9 million in the first quarter of 2010. Net income attributable to Viad for the first quarter of 2011 was \$9.8 million, or \$0.48 per diluted share, compared to a loss of \$3.0 million, or \$0.15 per diluted share, in the first quarter of 2010. The improved results were primarily due to higher revenues from the Marketing & Events Group. Net restructuring charges in the first quarter of 2011 were \$269,000 compared to \$2.1 million in the 2010 first quarter, both primarily related to reorganization activities in the Marketing & Events Group, including the elimination of certain positions as well as facility consolidations.

During the first quarter of 2011, foreign exchange rate variances resulted in increases of \$2.6 million in revenues and \$12,000 in segment operating income as compared to the first quarter of 2010. Viad conducts its foreign operations primarily in Canada and the United Kingdom and to a lesser extent in certain other countries. The following table summarizes the effect of foreign exchange rate variances on revenues and segment operating results from Viad's significant international operations for the first quarter:

<b>Revenues</b>		<b>Segment Operating Results</b>	
<b>Weighted Average</b>	<b>Effect of</b>	<b>Weighted Average</b>	<b>Effect of</b>
<b>Exchange Rates</b>	<b>Rate</b>	<b>Exchange Rates</b>	<b>Rate</b>
<b>2011</b>	<b>Variance</b>	<b>2011</b>	<b>Variance</b>
<b>2010</b>	<b>(thousands)</b>	<b>2010</b>	<b>(thousands)</b>

Marketing & Events Group:

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Canada	\$	1.02	\$	0.96	\$	1,120	\$	1.15	\$	0.97	\$	23
United Kingdom	\$	1.61	\$	1.56	\$	1,051	\$	1.61	\$	1.53	\$	155
Travel & Recreation Group:												
Canada	\$	1.02	\$	0.95	\$	329	\$	1.01	\$	0.96	\$	(184)

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

**Marketing & Events Group.** Revenues for the Marketing & Events U.S. segment were \$231.7 million for the first quarter of 2011, up 36.8 percent compared to \$169.4 million in the first quarter of 2010. The increase was primarily due to positive show rotation of \$40 million, base same-show revenue increases of 13.6 percent, higher penetration of exhibitor discretionary spending and stronger revenue from corporate clients. Management defines base same-show revenue as revenue from exhibitions and events that occur in the same quarter and same city every year. Base same-shows represented 43.5 percent of 2011 first quarter Marketing & Events U.S. revenues. Segment operating income was \$17.9 million in the first quarter of 2011, compared to a loss of \$49,000 in the first quarter of 2010. The improved operating results were primarily due to increases in revenues.

Revenues for the Marketing & Events International segment were \$54.0 million for the first quarter of 2011, up 7.1 percent compared to \$50.4 million in the first quarter of 2010. Segment operating income was \$3.8 million in the first quarter of 2011, compared to \$2.6 million in the first quarter of 2010. As discussed above, period-to-period comparisons for this segment were affected by exchange rate variances, which resulted in increases of \$2.2 million in revenue and \$196,000 in segment operating income, as compared to the first quarter of 2010. Excluding exchange rate variances, 2011 first quarter revenues increased by \$1.4 million, or 2.7 percent. New show wins and positive show rotation revenue of \$2 million during the 2011 first quarter more than offset 2010 first quarter revenues from a major project for the 2010 Winter Olympic Games in Canada.

Although the Marketing & Events Group has a diversified revenue base and long-term contracts for future shows, its revenues are affected by general economic and industry-specific conditions. The prospects for individual shows tend to be driven by the success of the industry related to those shows. In general, the exhibition and event industry is experiencing modest improvement. Following quarterly declines from the third quarter of 2008 through the first quarter of 2010, Marketing & Events U.S. base same-show revenues were essentially flat in the 2010 second quarter and increased by 8.6 percent and 16.6 percent in the 2010 third and fourth quarters, respectively. Excluding the strong growth of a major auto show, the fourth quarter 2010 increase in U.S. base same-show revenues was 5.4 percent.

For the 2011 full year, management expects U.S. same-show revenues to increase at a mid single-digit rate and that show rotation will positively impact revenues by approximately \$10 million as revenue from non-annual shows during 2011 is expected to exceed revenues from non-annual shows that took place during 2010. Additionally, management anticipates that foreign currency exchange rate variances versus 2010 will have a favorable impact on Marketing & Events Group 2011 full year revenues and operating income of approximately \$11.1 million and \$600,000, respectively. Management remains focused on improving the profitability of the U.S. segment through continued integration and consolidation of operations to increase capacity utilization and reduce costs. Additional restructuring charges may be incurred as further cost structure improvements are made.

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

**Travel & Recreation Group.** Revenues for the Travel & Recreation Group segment were \$5.8 million, down 22.3 percent compared to first quarter 2010 revenues of \$7.4 million. Segment operating loss was \$4.5 million, as compared to a loss of \$2.4 million in the first quarter of 2010. Segment operating results for the 2010 first quarter included higher revenue from transportation business related to the 2010 Winter Olympic and Paralympic Games. Additionally, foreign exchange rate variances had a favorable impact on revenue of \$329,000 and an unfavorable impact on operating results of \$184,000 as compared to the 2010 first quarter. Excluding exchange rate variances, 2011 first quarter revenues decreased by \$2.0 million, or 26.7 percent.

The Travel & Recreation Group segment is affected by consumer discretionary spending on tourism activities. Management expects 2011 results from the Travel & Recreation Group segment to benefit from improved tourism demand versus 2010. Management anticipates lower revenues at Many Glacier Hotel, a property operated by Glacier Park, due to planned construction that will reduce the number of rooms available during 2011 as compared to 2010.



However, management expects the acquisition of Grouse Mountain Lodge, which is located near Glacier National Park, to more than offset the revenue decline at Many Glacier Hotel. The Company acquired the 145-room Grouse Mountain Lodge on January 5, 2011 for \$10.5 million in cash. Additionally, management anticipates that foreign currency exchange rate variances versus 2010 will have a favorable impact on Travel & Recreation Group segment 2011 full year revenues and operating income of approximately \$4.6 million and \$1.3 million, respectively.

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During 2010, approximately 73 percent of revenue and 79 percent of segment operating income generated in the Travel & Recreation Group segment was derived through its Canadian operations. These operations are largely affected by foreign customer visitation, and, accordingly, increases in the value of the Canadian dollar compared to other currencies could adversely affect customer volumes, revenue and segment operating income for the Travel & Recreation Group.

Glacier Park operates the concession portion of its business under a concession contract with the U.S. National Park Service (the Park Service) for Glacier National Park. Glacier Park's original 25-year concession contract with the Park Service that was to expire on December 31, 2005, has been extended for six one-year periods and now expires on December 31, 2011. The Park Service, in its sole discretion, may continue extending Glacier Park's concession contract in one-year increments. When this contract ultimately expires, Glacier Park will have the opportunity to bid on a new concession contract. If Glacier Park does secure a new contract, possible terms would be for 10, 15 or 20 years. Glacier Park generated approximately 70 percent of its 2010 revenue through its concession contract for services provided within Glacier National Park. If a new concessionaire is selected by the Park Service, Glacier Park's remaining business would consist of its operations at Waterton Lakes National Park, Alberta, Canada; East Glacier, Montana and Whitefish, Montana. In such a circumstance, Glacier Park would be entitled to an amount equal to its possessory interest, which generally means the value of the structures acquired or constructed, fixtures installed and improvements made to the concession property at Glacier National Park during the term of the concession contract. Glacier Park owns its Glacier Park Lodge operations in East Glacier, Montana as well as the Grouse Mountain Lodge in Whitefish, Montana. Glacier Park also owns the Prince of Wales Hotel in Waterton Lakes National Park, which is operated under a 42-year ground lease with the Canadian government running through January 31, 2052. Glacier Park generated 25 percent of Travel & Recreation Group's full year 2010 segment operating income.

**Corporate Activities.** Corporate activities expense totaled \$1.3 million in the first quarter of 2011 compared to \$644,000 in the first quarter of 2010. The increase was primarily due to higher performance-based compensation expense and the timing of other corporate expenses in the first quarter of 2011 as compared to the first quarter of 2010.

**Restructuring Charges.** Viad recorded restructuring charges of \$456,000 in the first quarter of 2011, compared to \$2.1 million in the first quarter of 2010. The charges both related to reorganization activities in the Marketing & Events Group primarily comprised of the elimination of certain positions as well as facility consolidations. Viad also reversed \$187,000 of restructuring reserves in the first quarter of 2011.

**Income Taxes.** The effective tax rate in the first quarter of 2011 was 38.0 percent compared to a negative 7.2 percent in the first quarter of 2010. The lower rate in 2010 relative to 2011 was primarily due to the write-off of deferred taxes in 2010 of \$1.3 million related to healthcare legislation. Excluding this item, the effective tax rate in the first quarter of 2010 would have been 37.0 percent.

**Liquidity and Capital Resources:**

Cash and cash equivalents were \$148.4 million as of March 31, 2011 as compared to \$145.8 million as of December 31, 2010, with the increase primarily due to cash flow from operations, mostly offset by a business acquisition and capital expenditures. Management believes that Viad's existing sources of liquidity will be sufficient to fund operations and capital commitments for at least the next 12 months.

Viad's total debt as of March 31, 2011 was \$8.9 million compared to \$9.1 million as of December 31, 2010. The debt-to-capital ratio was 0.022 to 1 as of March 31, 2011 compared with 0.023 to 1 as of December 31, 2010. Capital is defined as total debt and capital lease obligations plus total stockholders' equity.

Viad's secured revolving credit agreement (the Credit Facility) provides for a \$75 million revolving line of credit and may be increased up to an additional \$50 million under certain circumstances. The Credit Facility expires on June 15, 2011 and borrowings are to be used for general corporate purposes (including permitted acquisitions) and to support up to \$25 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. Viad is in discussions with its agent bank on the renewal of the Credit Facility and expects to have a new facility in place before its June 15, 2011 expiration.

Borrowings under the Credit Facility (of which GES is a guarantor) are indexed to London Interbank Offered Rate ( LIBOR ), plus appropriate spreads tied to Viad s leverage ratio. Commitment fees and letters of credit fees are also tied to Viad s leverage ratio. The fees on the unused portion of the Credit Facility are currently 0.375 percent annually. As of March 31, 2011, Viad had \$66.2 million of capacity remaining under its Credit Facility reflecting an outstanding borrowing of \$4.2 million and issued letters of credit of \$4.6 million. On April 28, 2011, Viad paid off its outstanding borrowing under the Credit Facility of \$4.2 million. Viad s financial covenants include a fixed-charge coverage ratio of not less than 1.00 to 1 and a leverage ratio (defined as total debt to Adjusted EBITDA) of not greater than 2.50 to 1. Additionally, Viad must maintain a consolidated minimum cash balance of \$50 million. As of March 31, 2011, the fixed-charge coverage and leverage ratios were 1.51 to 1 and 0.42 to 1, respectively. Significant other covenants include limitations on: investments, common stock dividends, stock repurchases, additional indebtedness, sales/leases of assets, acquisitions, consolidations or mergers and liens on property. The terms of the Credit Facility restrict Viad from paying more than \$5 million in dividends in the aggregate in any calendar year and also restrict the Company from repurchasing more than \$10 million in the aggregate of the Company s common stock during the remainder of the Credit Facility term. As of March 31, 2011, Viad was in compliance with all covenants.

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As of March 31, 2011, Viad had certain obligations under guarantees to third parties on behalf of its subsidiaries. These guarantees are not subject to liability recognition in the consolidated financial statements and relate to leased facilities entered into by Viad's subsidiary operations. The Company would generally be required to make payments to the respective third parties under these guarantees in the event that the related subsidiary could not meet its own payment obligations. The maximum potential amount of future payments that Viad would be required to make under all guarantees existing as of March 31, 2011 would be \$34.6 million. These guarantees relate to leased facilities expiring through October 2017. There are no recourse provisions that would enable Viad to recover from third parties any payments made under the guarantees. Furthermore, there are no collateral or similar arrangements whereby Viad could recover payments.

Capital expenditures for the first quarter of 2011 totaled \$7.7 million and primarily related to the purchase of rental inventory, equipment and computer hardware primarily at the Marketing & Events U.S. segment. For the first quarter of 2010, capital expenditures totaled \$5.0 million and primarily related to the purchase of rental inventory, equipment and computer hardware primarily at the Marketing & Events U.S. segment and building improvements and equipment at the Travel & Recreation Group.

On January 5, 2011, Viad completed the acquisition of Grouse Mountain Lodge for \$10.5 million in cash.

In March 2010, Viad completed the sale of a non-strategic real estate asset for \$14.3 million (net of selling costs). The asset was previously held for sale at the Travel & Recreation Group.

Viad has announced its intent to repurchase shares of the Company's common stock from time to time at prevailing market prices. No shares were repurchased during the first quarters of 2011 or 2010. As of March 31, 2011, 304,381 shares remain available for repurchase. Additionally, during the first quarters of 2011 and 2010, the Company repurchased 28,152 shares for \$668,000 and 28,407 shares for \$573,000, respectively, related to tax withholding requirements on share-based awards.

Viad and certain of its subsidiaries are plaintiffs or defendants to various actions, proceedings and pending claims, some of which involve, or may involve, compensatory, punitive or other damages. Litigation is subject to many uncertainties and it is possible that some of the legal actions, proceedings or claims could be decided against Viad. Although the amount of liability as of March 31, 2011 with respect to certain of these matters is not ascertainable, Viad believes that any resulting liability, after taking into consideration amounts already provided for, including insurance coverage, will not have a material impact on Viad's business, financial position or results of operations.

Viad is subject to various U.S. federal, state and foreign laws and regulations governing the prevention of pollution and the protection of the environment in the jurisdictions in which Viad has or had operations. If the Company has failed to comply with these environmental laws and regulations, civil and criminal penalties could be imposed and Viad could become subject to regulatory enforcement actions in the form of injunctions and cease and desist orders. As is the case with many companies, Viad also faces exposure to actual or potential claims and lawsuits involving environmental matters relating to its past operations. Although it is a party to certain environmental disputes, Viad believes that any resulting liabilities, after taking into consideration amounts already provided for, including insurance coverage, will not have a material effect on the Company's financial position, results of operations or liquidity. As of March 31, 2011, there was a remaining environmental remediation liability of \$6.0 million related to previously sold operations of which \$1.1 million was included in the consolidated balance sheets under the caption "Other current liabilities" and \$4.9 million under the caption "Other deferred items and liabilities."

Viad's businesses contribute to various multi-employer pension plans based on obligations arising under collective bargaining agreements covering its union-represented employees. Based upon the information available to Viad from plan administrators, management believes that several of these multi-employer plans are underfunded. The Pension Protection Act of 2006 requires pension plans underfunded at certain levels to reduce, over defined time periods, the underfunded status. In addition, under current laws, the termination of a plan, or a voluntary withdrawal from a plan by Viad, or a shrinking contribution base to a plan as a result of the insolvency or withdrawal of other contributing employers to such plan would require Viad to make payments to such plan for its proportionate share of the plan's unfunded vested liabilities. As of March 31, 2011, the amount of additional funding, if any, that Viad would be required to make related to multi-employer pension plans is not ascertainable.



**Table of Contents****Off-Balance Sheet Arrangements:**

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

**Critical Accounting Policies and Estimates:**

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

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

As of March 31, 2011, Viad had total goodwill of \$130.8 million consisting of \$85.8 million related to the Marketing & Events Group and \$45.0 million related to the Travel & Recreation Group. Within the Marketing & Events Group, goodwill of \$62.7 million relates to the Marketing & Events U.S. segment and \$23.1 million to the Marketing & Events International segment. For impairment testing purposes, the goodwill related to the Marketing & Events U.S. segment is assigned to and tested at the operating segment level, which represents all domestic operations of GES. Furthermore, the goodwill related to the Marketing & Events International segment is assigned to and tested at the component level within the segment's geographical operations. As of March 31, 2011, the amount of goodwill assigned to the reporting units in the United Kingdom (Melville) and Canada was \$13.7 million and \$9.4 million, respectively. Also, as of March 31, 2011, the Brewster and Glacier Park operating segments (within the Travel & Recreation Group) had goodwill of \$43.7 million and \$1.3 million (acquired in January 2011), respectively. Brewster and Glacier Park are considered reporting units for goodwill impairment testing purposes.

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

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

As noted above, the estimates and assumptions regarding expected future cash flows, discount rates and terminal values require considerable judgment and are based on market conditions, financial forecasts, industry trends and historical experience. These estimates, however, have inherent uncertainties and different assumptions could lead to materially different results. As of March 31, 2011, Viad had aggregate goodwill of \$130.8 million recorded in the consolidated balance sheets. Furthermore, as a result of the Company's most recent impairment analysis performed in the fourth quarter of 2010, the excess of the estimated fair values over the carrying values (expressed as a percentage

of the carrying amounts) under step one of the impairment test were 80 percent, 69 percent and 69 percent, respectively, for each of the Marketing & Events Group reporting units in the United States, the United Kingdom (Melville) and Canada. For the Brewster reporting unit, the excess of the estimated fair value over the carrying value was 50 percent as of the most recent impairment test. Due to continued uncertainties in the current economic environment, reductions in the Company's expected future revenue, operating income or cash flow forecasts and projections, or an increase in reporting unit cost of capital, could trigger additional goodwill impairment testing, which may result in impairment losses. Furthermore, management continues to monitor the market capitalization of the Company as ongoing declines in market capitalization could be indicative of possible goodwill impairment.

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*Income taxes* As of March 31, 2011 and December 31, 2010, Viad had gross deferred tax assets of \$60.6 million and \$67.1 million, respectively. These deferred tax assets reflect the expected future tax benefits to be realized upon reversal of deductible temporary differences, and the utilization of net operating loss and tax credit carryforwards.

During 2010 and 2009, Viad recorded pre-tax losses from its operations in the United States. The Company considered the negative evidence of these domestic pre-tax operating losses on the future recoverability of its deferred tax assets. Viad also considered positive evidence regarding the realization of deferred tax assets including the Company's historical and forecasted taxable income, taxpaying history and future reversals of deferred tax liabilities. Furthermore, Viad also considered the fact that goodwill impairment losses are not tax deductible and thus did not contribute to tax losses in 2009. As of both March 31, 2011 and December 31, 2010, Viad had a valuation allowance of \$411,000 related to certain state deferred tax assets. With respect to all other deferred tax assets, management believes that recovery from future taxable income is more-likely-than-not.

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

Viad exercises judgment in determining its income tax provision due to transactions, credits and calculations where the ultimate tax determination is uncertain. As of March 31, 2011 and December 31, 2010, Viad did not have any accrued gross liabilities associated with uncertain tax positions for continuing operations. However, as of March 31, 2011 and December 31, 2010, Viad had accrued interest and penalties related to uncertain tax positions for continuing operations of \$111,000 and \$146,000, respectively.

In addition to the above, Viad had accrued gross liabilities associated with uncertain tax positions for discontinued operations of \$636,000 as of both March 31, 2011 and December 31, 2010. In addition, as of March 31, 2011 and December 31, 2010, Viad had accrued interest and penalties related to uncertain tax positions for discontinued operations of \$359,000 and \$351,000, respectively. Future tax resolutions or settlements that may occur related to these uncertain tax positions would be recorded through discontinued operations (net of federal tax effects, if applicable).

*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 \$22.2 million as of March 31, 2011. Of this total, \$16.2 million related to workers' compensation liabilities and the remaining \$6.0 million related to general/auto liability claims. Viad has also retained and provided for certain insurance liabilities in conjunction with previously sold businesses totaling \$7.3 million as of March 31, 2011, primarily related to workers' compensation liabilities. Provisions for losses for claims incurred, including estimated claims incurred but not yet reported, are made based on Viad's historical experience, claims frequency and other factors. A change in the assumptions used could result in an adjustment to recorded liabilities. Viad has purchased insurance for amounts in excess of the self-insured levels, which generally range from \$200,000 to \$500,000 on a per claim basis. Viad does not maintain a self-insured retention pool fund as claims are paid from current cash resources at the time of settlement. Viad's net cash payments in connection with these insurance liabilities were \$1.7 million and \$1.2 million for the first quarters of 2011 and 2010, respectively.

*Pension and postretirement benefits* Viad's pension plans use traditional defined benefit formulas based on years of service and final average compensation. Funding policies provide that payments to defined benefit pension trusts shall be at least equal to the minimum funding required by applicable regulations. The Company presently anticipates contributing \$1.7 million to its funded pension plans and \$958,000 to its unfunded pension plans in 2011, of which the Company has contributed \$198,000 and \$236,000 as of March 31, 2011, respectively.

Viad and certain of its subsidiaries have defined benefit postretirement plans that provide medical and life insurance for certain eligible employees, retirees and dependents. The related postretirement benefit liabilities are recognized over the period that services are provided by employees. In addition, Viad retained the obligations for these benefits



for retirees of certain sold businesses. While the plans have no funding requirements, Viad expects to contribute \$500,000 to the plans in 2011, but did not make a contribution during the first quarter of 2011.

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The assumed health care cost trend rate used in measuring the December 31, 2010 accumulated postretirement benefit obligation was nine and one-half percent, declining one-half percent each year to the ultimate rate of five percent by the year 2019 and remaining at that level thereafter.

A one-percentage-point increase in the assumed health care cost trend rate for each year would increase the accumulated postretirement benefit obligation as of December 31, 2010 by approximately \$1.6 million and the total of service and interest cost components by approximately \$124,000. 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, 2010 by approximately \$1.4 million and the total of service and interest cost components by approximately \$104,000.

The weighted average assumptions used to determine the postretirement benefit obligation as of December 31, 2010 were as follows:

	Domestic Plans		Postretirement	Foreign
	Funded Plans	Unfunded Plans	Benefit Plans	Plans
Discount rate	5.45%	5.10%	5.10%	5.10%

The weighted average assumptions used to determine the 2010 net periodic benefit cost were as follows:

	Domestic Plans		Postretirement	Foreign
	Funded Plans	Unfunded Plans	Benefit Plans	Plans
Discount rate	5.90%	5.70%	5.60%	5.60%
Expected return on plan assets	6.35%	N/A	6.10%	5.75%

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

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

**Impact of Recent Accounting Pronouncements:**

For a description of recently adopted and issued accounting pronouncements, including the expected dates of adoption and estimated effects, if any, on Viad's consolidated financial statements, see Note 17 of notes to consolidated financial statements.

**Forward-Looking Statements:**

As provided by the safe harbor provision under the Private Securities Litigation Reform Act of 1995, Viad cautions readers that, in addition to historical information contained herein, this quarterly report includes certain information, assumptions and discussions that may constitute forward-looking statements. These forward-looking statements are not historical facts, but reflect current estimates, projections, expectations, or trends concerning future growth, operating cash flows, availability of short-term borrowings, consumer demand, new business, investment policies, productivity improvements, ongoing cost reduction efforts, efficiency, competitiveness, legal expenses, tax rates and other tax matters, foreign exchange rates and the realization of restructuring cost savings. Actual results could differ

materially from those discussed in the forward-looking statements. Viad's businesses can be affected by a host of risks and uncertainties. Among other things, natural disasters, gains and losses of customers, consumer demand patterns, labor relations, purchasing decisions related to customer demand for exhibition and event services, existing and new competition, industry alliances, consolidation and growth patterns within the industries in which Viad competes, acquisitions, adverse developments in liabilities associated with discontinued operations, and any deterioration in the economy, may individually or in combination impact future results. In addition to factors mentioned elsewhere, economic, competitive, governmental, technological, capital marketplace and other factors, including terrorist activities or war, a pandemic health crisis and international conditions, could affect the forward-looking statements in this quarterly report. Additional information concerning business and other risk factors that could cause actual results to materially differ from those in the forward looking statements are discussed in "Risk Factors" in the risk factors sections included in Viad's 2010 Annual Report.

**Table of Contents****Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

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

Viad conducts its foreign operations primarily in Canada and the United Kingdom and to a lesser extent in certain other countries. The functional currency of Viad's foreign subsidiaries is their local currency. Accordingly, for purposes of consolidation, Viad translates the assets and liabilities of its foreign subsidiaries into U.S. dollars at the foreign exchange rates in effect at the balance sheet date. The unrealized gains or losses resulting from the translation of these foreign denominated assets and liabilities are included as a component of accumulated other comprehensive income in Viad's consolidated balance sheets. As a result, significant fluctuations in foreign exchange rates relative to the U.S. dollar may result in material changes to Viad's net equity position reported in its consolidated balance sheets. Viad does not currently hedge its equity risk arising from the translation of foreign denominated assets and liabilities. Viad had cumulative unrealized foreign currency translation gains recorded in equity of \$42.5 million and \$39.0 million as of March 31, 2011 and December 31, 2010, respectively. During the first quarters of 2011 and 2010, unrealized foreign currency translation gains of \$3.6 million and \$4.0 million, respectively, were recorded in other comprehensive income.

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

	Weighted Average Exchange Rates		Effect of Rate Variance (thousands)
	2011	2010	
Canadian Operations:			
Marketing & Events Group	\$ 1.15	\$ 0.97	\$ 23
Travel & Recreation Group	\$ 1.01	\$ 0.96	\$ (184)
United Kingdom Operations:			
Marketing & Events Group	\$ 1.61	\$ 1.53	\$ 155

As the Canadian operations generated aggregate operating losses for the first quarter of 2011, Viad's segment operating income has been unfavorably impacted by \$161,000 from the strengthening of the Canadian dollar relative to the U.S. dollar. As the United Kingdom operations generated aggregate operating income in the first quarter of 2011, Viad's segment operating income has been favorably impacted by \$155,000 from the strengthening of the British pound relative to the U.S. dollar.

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 March 31, 2011, Viad had variable rate debt outstanding of \$4.2 million under the Credit Facility. Interest payments related to Viad's variable rate debt outstanding are indexed to LIBOR. On April 28, 2011, Viad paid off its outstanding borrowing under the Credit Facility of \$4.2 million.



**Table of Contents****Item 4. Controls and Procedures.**

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer of Viad, the effectiveness of the design and operation of disclosure controls and procedures has been evaluated as of March 31, 2011, 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 March 31, 2011. Disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports filed or submitted under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in such reports is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure.

There were no changes in the Company's internal control over financial reporting during the first quarter of 2011 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

**PART II OTHER INFORMATION****Item 1A. Risk Factors.**

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Item 1A. Risk Factors of Part 1 and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II of Viad's Annual Report on Form 10-K for the year ended December 31, 2010, which could materially affect the Company's business, financial condition and/or future results.

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

Set forth below is a table showing the total number of shares of Viad common stock repurchased during the first quarter of 2011 by Viad from employees and former employees surrendering previously owned Viad common stock (outstanding shares) to pay the taxes in connection with the vesting of share-based awards. The table also reflects that no shares of Viad common stock were repurchased by Viad on the open market as part of a repurchase program.

**ISSUER PURCHASES OF EQUITY SECURITIES**

<b>Period</b>	<b>Total Number of Shares Purchased (#)</b>	<b>Average Price Paid Per Share (\$)</b>	<b>Shares Purchased as Part of Publicly Announced Plans or Programs</b>	<b>Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs (1)</b>
January 2011	9,073	26.55		304,381
February 2011	18,411	22.39		304,381
March 2011	668	22.41		304,381
<b>Total</b>	<b>28,152</b>	<b>23.73</b>		<b>304,381</b>

(1) Viad has announced its intent to repurchase shares of the Company's common stock from time to time at prevailing market prices. No shares were repurchased during the first quarter of 2011. As of March 31, 2011, 304,381 shares remain available for repurchase. The authorization of the Board of Directors does not have an expiration date. The terms of Viad's \$75 million secured revolving credit facility restrict the Company from repurchasing more than \$10 million in the aggregate of the Company's common stock during the remainder of the credit facility term, which expires in June 2011.



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**Item 6. Exhibits.**

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

\* Filed herewith.

**SIGNATURES**

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

**VIAD CORP**  
(Registrant)

**May 6, 2011**  
(Date)

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