

VIAD CORP
Form 10-K
February 27, 2009

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As filed with the Securities and Exchange Commission on February 27, 2009

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2008**

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

*State or other jurisdiction of
incorporation or organization*

1850 North Central Avenue, Suite 800

Phoenix, Arizona

(Address of principal executive offices)

36-1169950

*(I.R.S. Employer
Identification No.)*

85004-4545

(Zip Code)

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

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

Title of each class

Name of each exchange on which registered

Common Stock, \$1.50 par value

New York Stock Exchange

Preferred Stock Purchase Rights

New York Stock Exchange

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

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined by Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

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

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

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

The aggregate market value of the Common Stock (based on its closing price per share on such date) held by non-affiliates on the last business day of the registrant's most recently completed second fiscal quarter (June 30, 2008) was approximately \$516 million.

Registrant had 20,269,832 shares of Common Stock (\$1.50 par value) outstanding as of January 30, 2009.

Documents Incorporated by Reference

A portion of the Proxy Statement for the Annual Meeting of Shareholders of Viad Corp to be held May 19, 2009 is incorporated by reference into Part III of this Annual Report.

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PART I

Item 1. *Business.*

Viad Corp (Viad or the Company) is comprised of several operating companies which constitute a diversified services business. Viad's companies provide high-quality, place-based marketing services in North America, the United Kingdom and the United Arab Emirates, as well as travel and recreation services in the United States and Canada. The Company's businesses occupy leading positions in many of the markets in which they compete. They seek to provide quality, convenient and cost-effective services with a discernible difference to the ultimate users, thereby being considered a value-added provider by Viad's customers.

Viad's services are classified into three reportable business segments: (1) GES, comprised of GES Exposition Services, Inc. and its affiliated companies, including Melville Exhibition and Event Services Limited and Corporate Technical Services Limited (collectively Melville) and GES Exposition Services (Canada) Limited (2) Experiential Marketing Services comprised of Exhibitgroup/Giltspur, a division of Viad, and its affiliated companies, including SDD Exhibitions Limited and Voblo Verwaltungs GmbH (Exhibitgroup/Giltspur) and The Becker Group, Ltd. (Becker Group) and (3) Travel and Recreation Services provided by the Brewster Inc. and Glacier Park, Inc. business units. The reportable business segments have been defined in a manner consistent with Viad's organizational structure, internal reporting, allocation of resources and operating decision-making. A description of each of Viad's reportable business segments and recent developments relating to each is provided below.

Viad has no customer that comprises more than five percent of its revenues, and no reporting segment has a customer comprising more than ten percent of that segment's revenues.

Recent Business Developments

On January 4, 2008, Viad completed the acquisition of Becker Group, an experiential marketing company specializing in creating immersive, entertaining attractions and brand-based experiences for clients and venues, including shopping malls, movie studios, museums, leading consumer brands and casinos. Since Becker Group's acquisition, Exhibitgroup/Giltspur and Becker Group have worked closely together to capitalize on their collective creative talents and capabilities, including collaboration in creating and executing The Chronicles of Narnia: The Exhibition. In November 2008, Viad began the formal integration of Becker Group into Exhibitgroup/Giltspur in order to provide clients with a broader, integrated service offering and global support.

Viad Business Units

Viad is comprised of three operating groups which are leading competitors in the markets in which they compete. They include businesses that provide high-quality, place-based marketing services, as well as travel and recreation services.

GES

GES provides services to the exhibition, event and corporate meeting industry, which primarily consists of exhibitions, trade shows, conventions, and corporate and special events that facilitate face-to-face marketing. GES is one of the leading service providers in North America and the United Kingdom. GES has a network of offices in the most active and popular destinations in North America and the United Kingdom, as well as in Abu Dhabi, United Arab Emirates. With a focus on assisting event organizers in all aspects of the preparation, installation and

dismantling of an exhibition, convention or special event, GES services some of the most visible and influential events in the exhibition, event and corporate meeting industry. In 2008, GES and its affiliated companies, under the GES Worldwide Network brand, provided services to over 250,000 exhibitor customers in North America and the United Kingdom and for an estimated 2,000 exhibitions and hundreds of events and projects across North America, the United Kingdom and United Arab Emirates.

GES has full service operations in 16 U.S. cities, eight Canadian cities, four United Kingdom cities and one city in the United Arab Emirates. The acquisition of Melville in February 2007 expanded GES operations to the major exhibition facilities within the United Kingdom. Melville also provides GES a platform for the expansion of GES business into other international markets. In 2007, GES expanded its operations into Abu Dhabi in the United Arab Emirates, through its Melville Middle East affiliate, serving as the exclusive provider of venue services at the Abu Dhabi National Exhibitions Centre, as well as providing exhibitions and exhibitors with the full array of services offered by the GES Worldwide Network. In January 2009, through its Melville affiliate, GES extended its freight forwarding and logistics services business into continental Europe by launching operations in Germany.

GES provides exhibition and event services such as designing, planning, managing, producing, installing and dismantling every aspect of an exhibition and event. GES principal customers are show organizers, corporate event organizers and exhibitors. Central to GES customer base are show organizers, which are comprised of for-profit show owners, not-for-profit trade associations, publishing firms, show management companies and corporations that plan and manage their own proprietary

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events. Under its agreements with show organizers, GES provides services to the show organizer and is designated as the exclusive provider of certain services to exhibitors participating in the exhibition or event. Services provided to show organizers include: general management; planning and consultation; concept design; exhibition layout and design; graphics and design; show traffic analysis; carpeting and flooring; decorating products and accessories; custom graphics; overhead rigging; cleaning; and electrical, lighting and plumbing distribution. Exclusive services provided to exhibitors typically include material handling services, overhead rigging, electrical distribution and cleaning. The services that GES provides to show organizers generally help the organizer provide the infrastructure necessary to service the attendees and exhibitors of the event and communicate the brand of the show, while the exclusive exhibitor services, which may vary from venue to venue, provide the exhibitors a single point of contact to facilitate a timely, safe and efficient move-in and move-out of the show. In addition to the exclusive services, GES seeks to sell discretionary services to the exhibitors that participate in the exhibition or event. These discretionary services include: program management and on-site coordination for exhibitors; rental furniture and furnishings, booth carpeting and signage; logistics and shipping services; exhibit design and construction; return on investment analysis; attendee and exhibit booth traffic analysis; installation and dismantling services; storage and refurbishing of exhibits.

As the official services contractor, GES prepares and sends an Exhibitor Manual to each exhibitor in advance of the show, either by mail, electronic distribution utilizing GES IntelliKit® product, or by GES internet-based ordering system, GES Online. The Exhibitor Manual contains detailed descriptions of the exclusive and discretionary services offered by GES and order forms for those services. When GES is not the official services contractor, GES competes with the official services contractor and other specialized contractors to provide exhibitors the discretionary services described above.

Experiential Marketing Services

Experiential Marketing Services, comprised of Exhibitgroup/Giltspur and Becker Group (acquired on January 4, 2008), has 28 client care centers in the U.S., United Kingdom, Germany and Canada, and further services its clients internationally through partners in various other countries.

Exhibitgroup/Giltspur is an award-winning experience marketing agency that specializes worldwide in exhibits, events, mobile marketing tours, permanent installations, temporary retail environments, and other face-to-face marketing services. Exhibitgroup/Giltspur combines its core services of custom design, construction and marketing expertise with an ability to provide complete event program management. It leverages its global network to efficiently manage client programs. Exhibitgroup/Giltspur's services include: design; integrated marketing, including pre- and post event communications and customer relationship management; staff training; event surveys; program management and planning; logistics management; maintenance and warehousing; in-house installation and dismantling; show services; online program management tools and multimedia services. Exhibitgroup/Giltspur also provides portable and modular exhibits, and design, construction and installation services for permanent installations including museums, corporate lobbies, visitors centers, showrooms, and retail interiors. Through egRetailsm in the United States and sddRetailsm internationally, Exhibitgroup/Giltspur also produces retail merchandising units (or kiosks) for shopping malls and retail stores throughout the world. This group offers clients complete turnkey services, including design, engineering, graphic production, fabrication, warehousing, shipping and on-site installation of the retail merchandising units.

Exhibitgroup/Giltspur provides its services primarily to major domestic and international corporations. A majority of Exhibitgroup/Giltspur's corporate clients are from the healthcare, consumer/entertainment, aerospace, real estate, and computer services and electronics industries. Many of Exhibitgroup/Giltspur's clients attend events at which GES is the official services contractor or at which GES offers discretionary services. In these instances, an Exhibitgroup/Giltspur client may engage the services of GES for services such as material handling, carpeting, furniture and similar on-site discretionary services. Because of the complexity of Exhibitgroup/Giltspur's custom

exhibits, many of Exhibitgroup/Giltspur's clients are likely to use ExpoServices (Exhibitgroup/Giltspur's wholly-owned installation and dismantling division) for installation and dismantle services.

Exhibitgroup/Giltspur's experienced designers, global network of facilities, strategic alliances and innovative technology make Exhibitgroup/Giltspur a leader in its industry. In 2008, Exhibitgroup/Giltspur was recognized by Event Marketing Magazine with a Gold Ex Award for a tradeshow exhibit for LG Electronics. Also in 2008, Exhibitgroup/Giltspur received two Medical Marketing Association In-Awe Awards for exhibit design and interactive technologies for a global pharmaceutical company's exhibits and Exhibitgroup/Giltspur's German operations received two Exhibitor Magazine Design Awards for international exhibits.

With the acquisition of Becker Group, Viad expanded the creative and design capabilities and offerings of its Experiential Marketing Services segment to include a greater variety of immersive, entertaining attractions and brand-based experiences, sponsored events, mobile marketing tours and other place-based marketing solutions for clients and venues, including shopping malls, movie studios, museums, leading consumer brands and casinos. Becker Group specializes in providing holiday experiences

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in shopping centers, lifestyle centers and other venues worldwide. Becker Group's services also include the design and production of holiday and branded entertainment experiences on behalf of corporate and museum clients. Additional services include installation and management of these experiences. Becker Group's retail clients include some of the top retail real estate developers in the world, many of which have been clients for ten or more years. Its recent branded entertainment projects include the museum touring exhibitions *The Chronicles of Narnia: The Exhibition* and *Harry Potter: The Exhibition* (premiering Spring 2009).

Travel and Recreation Services

Travel and recreation services are provided by the Brewster Inc. (*Brewster*) and Glacier Park, Inc. (*Glacier Park*) business units.

Brewster. Brewster is a major tourism service operator in Western Canada, delivering tourism products that include world-class attractions, transportation services, inbound package tour operations and hotel operations. Approximately 80 percent of Brewster's annual revenues are earned in the second and third quarters.

Brewster's attractions are the Banff Gondola, tours of the Athabasca Glacier on the Columbia Icefield and boat tours on Lake Minnewanka. The Banff Gondola transports visitors to an elevation of over 7,000 feet above sea level to the top of Sulphur Mountain in Banff, Alberta, Canada, offering an unobstructed view of the Canadian Rockies and overlooking the town of Banff and the Bow Valley. Tours of the Athabasca Glacier on the Columbia Icefield provide customers with an opportunity to experience one of the largest accumulations of ice and snow south of the Arctic Circle. Icefield customers ride in an *Ice Explorer*, a unique vehicle specially designed for glacier travel. Brewster also offers boat tours, small boat rentals and charter fishing on Lake Minnewanka, which is situated outside of the town of Banff in the heart of the Canadian Rockies.

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

Brewster's inbound package tour operations feature year-round package tours throughout Canada. These packages include motorcoach, rail, self-drive automobile, ski and winter touring and consist of both group and individual tours and may be custom designed at the time of booking.

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

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

Glacier Park. Glacier Park operates four historic lodges, three 1960s-era motor inns and one freestanding camp store in and around Glacier National Park in Montana and Waterton Lakes National Park in Alberta, Canada. Glacier Park is the largest concessionaire in Glacier National Park and generated approximately 67 percent of its total 2008 revenue through concession contracts for services provided within the borders of Glacier National Park. Glacier and Waterton Lakes National Parks encompass approximately 1.1 million acres of rugged wilderness and are best known for their

spectacular scenery, hiking, glaciers and wildlife. Services provided by Glacier Park include lodging varying from hikers cabins to suites, food and beverage operations, retail operations and tour and transportation services. The tour operation utilizes a fleet of 33 authentic 1930s red touring buses that have rollback canvas tops. These well-known reds are used to conduct interpretive park tours throughout Glacier and Waterton Lakes National Parks, including tours of the scenic Going-to-the-Sun Road.

The operations of Glacier Park are seasonal, typically running from mid-May until the end of September. During those months, Glacier and Waterton Lakes National Parks typically host over two million visitors, the vast majority of whom purchase services from Glacier Park. During the peak months of July and August, Glacier Park's lodges and motor inns have an occupancy level of approximately 98 percent. During the shoulder months of June and September, occupancy is approximately 83 percent.

Individual travelers account for approximately 88 percent of Glacier Park's customers, while tour groups account for the remaining 12 percent. Demographically, approximately 95 percent of Glacier Park's guests come from the United States, with 20 percent to 25 percent from the Northwest and 12 percent to 15 percent from the Midwest.

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Glacier Park operates the concession portion of its business under concession contracts with the U.S. National Park Service (the Park Service) for Glacier National Park and with the Canadian Government for Waterton Lakes National Park. Glacier Park's 42-year lease with the Canadian Government expires in 2010 with Glacier Park having an option to renew for two additional terms of 42 years each. Glacier Park's original 25-year concession contract with the Park Service that was to expire on December 31, 2005, has been extended for four one-year periods and now expires on December 31, 2009. 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. If a new concessionaire is selected by the Park Service, Glacier Park's remaining business would consist of the operations at Waterton Lakes National Park and East Glacier, Montana, which generated approximately 33 percent of Glacier Park's total revenue in 2008. 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. This value would be based on the reconstruction cost of a new unit of like kind, less physical depreciation, but not to exceed fair market value. Glacier Park generated approximately 22 percent of Travel and Recreation Services' full year 2008 segment operating income.

Competition

GES and the Experiential Marketing Services segments generally compete on the basis of discernible differences, value, quality, price, convenience and service, and encounter substantial competition from a large number of providers of similar services. Most of the competitors of GES and Experiential Marketing Services are privately-held companies and thus limited information about these companies is available. Based on internal estimates, the dominant competitor in GES' industry is Freeman Companies. No competitor dominates the industries in which Experiential Marketing Services competes. The operations of Brewster and Glacier Park generally compete on the basis of location, uniqueness of facilities, service, quality and price. Competition exists both locally and regionally in the package-tour business, hotel and restaurant facilities and charter companies.

Intellectual Property

Viad owns a number of trademarks, patents and copyrights. The Viad companies own or have the right to many registered trademarks used in their various businesses, including, among others, *GES*[®], *GES Exposition Services*[®], *BOOTHBUILDER*[®], *ExhibitSelect*[®], *GES Servicenter*[®], *GES National Servicenter*[®], *HANG:RZ*[®], *The Becker Group*[®], *Toys Thru Time Hall of Fame*[®], *Trade Show Electrical*[®], *Trade Show Rigging TSR*[®], *TSE Trade Show Electrical & Design*[®], *ethnoMetrics*[®], *Exhibitgroup/Giltspur*[®], *ExpoTech*[®], *Exhibitgroup*[®], *EMAX*[®], *DEXZ*[®], *WAM! The Wireless Ambassador*[®] and *LUMA2 & Design*[®]. Some of the Company's trademarks are also registered outside the United States, including the Melville lion image, *Maxim*[®], *Royal Glacier Tours*[®], *Emax*[®], *Exhibitgroup*[®] and *Giltspur*[®]. United States trademark registrations are for a term of ten years and are renewable every ten years as long as the trademarks are used in the regular course of trade.

Exhibitgroup/Giltspur owns a number of patents for exhibit technology and exhibit processes that are cumulatively important to its business and that it believes provide competitive advantages in the marketplace for designing and building exhibits. These include patents relating to modular furniture used in exhibits and displays, a multiple-panel display system and a modular structure having a load-bearing surface. Exhibitgroup/Giltspur also owns a number of design patents for its retail merchandising units. United States utility patents are currently granted for a term of 20 years from the date a patent application is filed and United States design patents are currently granted for a term of 14 years from the date granted. Exhibitgroup/Giltspur and Becker Group have extensive design libraries with copyright protections, and own copyright registrations for a number of the designs within their respective design libraries. Copyright protection for such work is 95 years from the date of publication or 120 years from creation,

whichever is shorter.

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

Government Regulation

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

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the National Labor Relations Act) and regulations relating to national parks (such as regulations established by the U.S. Department of the Interior and the U.S. National Park Service).

Employees

Viad's businesses had approximately 3,950 employees as of December 31, 2008 as follows:

	Approximate Number of Employees	Regular Full-Time Employees Covered by Collective Bargaining Agreements
GES	3,130	1,170
Experiential Marketing Services	580	140
Travel and Recreation Services	240	60

Viad believes that relations with its employees are satisfactory and that collective bargaining agreements expiring in 2009 will be renegotiated in the ordinary course of business without a material adverse effect on Viad's operations.

Viad had 53 corporate employees as of December 31, 2008 providing management, financial and accounting, internal auditing, tax, administrative, human resources, corporate development, legal and other services to its operating units and handling residual matters pertaining to businesses previously discontinued or sold by the Company. Viad is governed by a Board of Directors comprised of eight non-employee directors and one employee director and has an executive management team consisting of six Viad officers (including the one employee director) and four principal executives of significant operating divisions or companies.

Seasonality

Exhibition and event activity may vary significantly depending on the frequency and timing of shows (some shows are not held each year and some may shift between quarters). Viad's travel and recreation businesses experience peak activity during the summer months. Viad's 2008 segment operating income, as a percentage of the full year's segment operating income, was approximately 35 percent (first quarter), 26 percent (second quarter), 32 percent (third quarter) and 7 percent (fourth quarter). See Risk Factors – Viad's businesses are seasonal, which causes results of operations to fluctuate and makes results of operations particularly sensitive to adverse events during peak periods and Risk Factors – Exhibition rotation may impact overall profitability and makes comparisons between periods difficult in Item 1A, which are incorporated herein by reference; see also Notes 21 and 24 of notes to consolidated financial statements.

Financial Information about Restructuring Charges and Recoveries

Information regarding restructuring charges and recoveries is provided in Note 17 of notes to consolidated financial statements.

Financial Information about Segments

Business segment financial information is provided in Note 21 of notes to consolidated financial statements.

Financial Information about Geographic Areas

Geographic area financial information is provided in Note 21 of notes to consolidated financial statements.

Certifications of Viad's CEO and CFO

The listing standards of the New York Stock Exchange (NYSE) require the chief executive officer of each listed company to submit to the NYSE within 30 days after the company's annual shareholders meeting an Annual CEO Certification certifying that the chief executive officer is not aware of any violation by the company of the corporate governance listing standards of the NYSE. Viad held its annual shareholders meeting on May 20, 2008. Mr. Paul B. Dykstra, Chief Executive Officer of Viad, submitted a signed Annual CEO Certification to the NYSE on May 23, 2008.

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

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Available Information

Viad files annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the SEC). These filings can be read and copied at the SEC's public reference section, located in Room 1580, 100 F. Street N.E., Washington, D.C. 20549 and on the SEC's internet site at www.sec.gov. Information regarding the operation of the public reference section can be obtained by calling (800) SEC-0330.

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

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

Item 1A. Risk Factors.

Because of the following, as well as other variables affecting Viad's operating results, past financial performance may not be a reliable indicator of future performance, and historical trends should not be used to anticipate results or trends in future periods:

Viad's businesses and operating results are adversely affected by deterioration in general economic conditions.

Viad's businesses are sensitive to fluctuations in general economic conditions and are impacted by increases and decreases in the cost of materials and operating supplies. Operating results for GES and Experiential Marketing Services depend largely on the number of exhibitions held and on the size of exhibitors' marketing expenditures. These factors depend in part on the strengths or weaknesses of particular industries in which exhibitors operate. The number and size of exhibitions generally decrease during periods of adverse economic conditions and increase when general economic conditions are positive.

Further, many exhibitors view a portion of their marketing budget as discretionary, and, as a result, marketing budgets are frequently among the first expenditures reduced by exhibitors when general economic conditions deteriorate, resulting in exhibitors reusing or refurbishing old exhibits rather than purchasing new exhibits. Marketing expenditures often are not increased, and new exhibits not purchased, until general economic conditions improve. As a result, during periods of adverse general economic conditions, the operating results of GES and Experiential Marketing Services are adversely affected. Similarly, many of the retail shopping mall and lifestyle center customers of Experiential Marketing Services view a portion of their marketing budgets as discretionary, and, as a result, those customers may refurbish their existing retail merchandise units (or kiosks) and their holiday-themed exhibits and experiences rather than purchasing new products from Experiential Marketing Services.

Revenues from the travel and recreation businesses depend largely on the amount of disposable income that consumers have available for travel and vacations. This amount decreases during periods of weak general economic conditions.

Viad's foreign operations are impacted by changes in foreign currency exchange rates.

Viad conducts its foreign operations primarily in Canada and in the United Kingdom, and to a lesser extent in certain other European 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.

In addition, for purposes of consolidation, the revenues, expenses and 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 subsidiaries, when translated, may vary from period to period, even when the functional currency amounts have not changed. Accordingly, fluctuations in the exchange rates 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.

During 2008, approximately 23 percent of revenue and 44 percent of operating income of Viad was derived through its Canadian and United Kingdom operations. During 2008, approximately 75 percent of revenue and 82 percent of operating income generated in Viad's Travel and Recreation Services segment was derived through its Canadian operations. These operations are

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largely dependent on foreign customer visitation, and accordingly, increases in the value of the Canadian dollar compared to other currencies could adversely affect customer volumes, and therefore, revenue and operating income in the Travel and Recreation Services segment.

Exhibition rotation may impact overall profitability and makes comparisons between periods difficult.

The business activities of GES and Experiential Marketing Services are largely dependent upon the frequency, timing and location of exhibitions and events as certain large exhibitions are not held annually (they may be held once every two or three years or longer), and some large exhibitions may be held at a different time of year than when they have historically been held. In addition, the same exhibition may be held in different locations in different years.

The results of operations of GES and Experiential Marketing Services can fluctuate significantly as a result of this rotation. The rotation of exhibitions requires Viad to maintain a high degree of flexibility of resources (including personnel and equipment) and may result in a business generating lower margins in a given period if exhibitions shift to higher-cost cities. As a consequence of these factors, the operating results for these businesses may fluctuate significantly from quarter to quarter or from year to year, making periodic comparisons difficult.

Viad's businesses are adversely affected by disruptions in the travel industry, particularly those adversely affecting the hotel and airline industries.

The success of Viad's businesses depends largely on the ability and willingness of people, whether exhibitors, exhibition attendees or other travelers, to travel, which is in turn dependent upon their ability and willingness to find and use transportation alternatives and accommodations. As a result, factors adversely affecting the travel industry as a whole, and particularly the airline and hotel industries, generally also adversely affect Viad's businesses and results of operations. Factors that could adversely affect the travel industry as a whole include high or rising fuel prices, increased security and passport requirements, weather conditions, airline accidents and international political instability and hostilities. Unexpected events of this nature in the future, or other events that may have an impact on the availability and pricing of air travel and accommodations, could adversely affect Viad's businesses and results of operations.

The failure of a large customer to renew its services contract or the loss of business from convention facilities would adversely impact revenues.

Although no single customer accounts for more than ten percent of the revenue of any of Viad's business segments, GES has a relatively small number of large exhibition show organizers and Experiential Marketing Services has a number of large customer accounts. The loss of any of these large customers would adversely affect results of operations.

In addition, GES revenues may be significantly impacted if certain convention facilities choose to in-source electrical, plumbing and other services that have represented revenue-generating opportunities for GES. When GES is hired as the official services contractor for an exhibition, the exhibition organizer contractually grants GES an exclusive right to perform these electrical and plumbing services, subject in each case to the convention facility's option to in-source the services (either by performing the services themselves or by hiring a separate service provider). Many convention facilities are under financial pressure as a result of conditions generally affecting their industry, including an increased supply of convention space. As a result, some of these convention facilities may seek to in-source all or a large portion of these services. If a large number of facilities with which GES has these relationships seek to move these services in-house, GES revenues and operating results could be adversely affected.

Viad's key businesses are relationship driven.

The business activities of GES and Experiential Marketing Services are heavily focused on client relationships, and, specifically, on the close collaboration and interaction between teams from the client and GES or Experiential Marketing Services, as the case may be. These relationships require the account team to become attuned to the client's desires and expectations in order to provide top-quality service. Viad has in the past lost, and may in the future lose, important customers (and corresponding revenues) if a key member of the account team were to cease employment with the Company and take that customer to a competitor.

Completed acquisitions may not perform as anticipated or be integrated as planned.

We have acquired businesses and intend to continue to pursue opportunities to acquire businesses that could complement, enhance or expand our current businesses or offer growth opportunities to Viad. Any acquisition can involve a number of risks,

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including: the failure to achieve the financial and strategic goals and other benefits from the acquisition; the inability to successfully integrate the acquired business into Viad's on-going businesses; the inability to retain key personnel or customers of the acquired business; the inability to successfully integrate financial reporting and internal control systems; the disruption of Viad's ongoing businesses and distraction of senior management and employees of Viad from other opportunities and challenges due to the integration of the acquired business; and the potential existence of liabilities or contingencies not disclosed to or known by Viad prior to closing the acquisition or not otherwise provided for through the purchase agreement.

Viad's businesses are seasonal, which causes results of operations to fluctuate and makes results of operations particularly sensitive to adverse events during peak periods.

GES generally reports its highest revenues during the first quarter of each year and Experiential Marketing Services generally reports higher revenues during the second and fourth quarters. The travel and recreation businesses are also seasonal, experiencing peak activity during the second and third quarters. These quarters accounted for approximately 86 percent of the travel and recreation businesses' 2008 revenues. Because of the seasonal nature of these businesses, adverse events or conditions occurring during peak periods could adversely affect the operating results of Viad's businesses.

Transportation disruptions and increases in transportation costs could adversely affect Viad's businesses and operating results.

GES and Experiential Marketing Services rely on independent transportation carriers to send materials and exhibits to and from exhibitions, warehouse facilities and customer facilities. If they were unable to secure the services of these independent transportation carriers at favorable rates, it could have a material adverse effect on these businesses and their results of operations. In addition, disruption of transportation services because of weather-related problems, strikes, lockouts or other events could adversely affect their ability to supply services to customers and could cause the cancellation of exhibitions, which may have a material adverse effect on these businesses and operating results. Similarly, disruption of transportation services could adversely affect Experiential Marketing Services' ability to supply time-sensitive holiday-themed exhibits and experiences to retail shopping mall and lifestyle center customers and could cause the cancellation of the exhibits and experiences.

Union-represented labor creates an increased risk of work stoppages and higher labor costs.

A significant portion of Viad's employees are unionized and Viad's businesses are party to approximately 100 collective-bargaining agreements, with approximately one-fourth requiring renegotiation each year. If labor negotiations were to force the Company to increase wages or benefits and thus increase total labor costs, the increased costs could either be absorbed (which would adversely affect operating margins) or passed on to the customers, which may lead customers to turn to other vendors in response to higher prices. In either event, Viad's businesses and results of operations could be adversely affected.

Moreover, if the Company were unable to reach an agreement with a union during the collective bargaining process, the union may call for a strike or other work stoppage. In such a circumstance, Viad might be unable to find substitute workers with the necessary skills to perform many of the services, or may incur additional costs to do so, which could adversely affect the Company's businesses and results of operations.

Viad competes in competitive industries and increased competition could negatively impact operating results.

Viad competes in highly competitive industries. Competition in the convention and event services and exhibits and environments industries is on the basis of price and service level, among other things. To the extent competitors seek

to gain or retain their market presence through aggressive underpricing strategies, Viad may be required to lower its prices and rates, thereby adversely affecting operating results. If Viad were unable to meet the challenges presented by the competitive environment, results of operations could be adversely affected.

Liabilities relating to prior and discontinued operations may adversely affect results of operations.

Viad and its predecessors have a corporate history spanning over seven decades and involving approximately 2,400 previous subsidiaries in diverse businesses, such as the manufacturing of locomotives, buses, industrial chemicals, fertilizers, pharmaceuticals, leather, textiles, food and fresh meats. Some of these businesses used raw materials that have been, and may continue to be, the subject of litigation. Moreover, some of the raw materials used and the waste produced by these businesses have been and are the subject of U.S. federal and state environmental regulations, including laws enacted under the Comprehensive Environmental Response, Compensation and Liability Act, or its state law counterparts. In addition, Viad may incur other liabilities, resulting from indemnification claims involving sold subsidiaries as well as from past operations of those of predecessors or their subsidiaries. Although the Company believes it has adequate reserves and sufficient insurance coverage

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to cover these future liabilities, results of operations could be materially affected if future events or proceedings contradict current assumptions, and reserves or insurance become inadequate.

Item 1B. *Unresolved Staff Comments.*

None.

Item 2. *Properties.*

Viad's businesses operate service or production facilities and maintain sales and service offices in the United States, Canada, the United Kingdom, Germany and Abu Dhabi in the United Arab Emirates. The following information summarizes the principal properties of Viad's businesses as of December 31, 2008.

Viad's headquarters are located at 1850 North Central Avenue, Suite 800 in Phoenix, Arizona 85004-4545. Excluding space which is subleased to third parties, Viad leases approximately 48,000 square feet.

GES operates 17 offices and 42 multi-use facilities (manufacturing, sales and design, office and/or warehouse). The multi-use facilities vary in size up to approximately 882,000 square feet. Four of the multi-use facilities are owned; all other properties are leased. All of the properties are in the United States, except for three offices and seven multi-use facilities that are located in Canada, seven multi-use facilities in the United Kingdom, one office in Germany and one office in Abu Dhabi, United Arab Emirates. GES corporate headquarters are located in Las Vegas, Nevada.

Experiential Marketing Services operates ten offices and 23 multi-use facilities (manufacturing, sales and design, office and/or warehouse). The multi-use facilities vary in size up to approximately 260,000 square feet. All properties are leased and are located in the United States, except for one office located in Toronto, Canada, two offices located in Sheffield and Stavely, England and two multi-use facilities located in Velbert, Germany. Exhibitgroup/Giltspur's client care headquarters are located in Chicago, Illinois and Dallas, Texas and Becker Group's headquarters are located in Baltimore, Maryland.

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

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

Item 3. *Legal Proceedings.*

Viad and certain 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 December 31, 2008 with respect to certain of these matters is not ascertainable, Viad believes that any resulting liability, after taking into consideration amounts already provided for, including insurance coverage, will not have a material effect on Viad's business, financial condition or results of operations.

Viad is subject to various U.S. federal, state and foreign laws and regulations governing the prevention of pollution and the protection of the environment in the jurisdictions in which Viad has or had operations. If 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 for 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 condition or results of operations.

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

No matters were submitted to a vote of security holders during the fourth quarter of 2008.

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

Name	Age	Business Experience During the Past Five Years and Other Information
Paul B. Dykstra	47	President and Chief Executive Officer effective April 1, 2006. Previously Chief Operating Officer since January 2006; prior thereto, President and Chief Executive Officer of GES Exposition Services, Inc., a subsidiary of Viad, since January 2000; prior thereto, Executive Vice President-International and Corporate Development of GES Exposition Services, Inc. since 1999; and prior thereto, Executive Vice President-General Manager or similar executive positions since 1994 with Travelers Express Company, Inc., a former subsidiary of Viad.
Michael Hannan	43	President and Chief Executive Officer of Brewster Inc., a subsidiary of Viad, since December 2008; prior thereto, Executive Vice President of Gibralt Capital Corporation, a real estate investment firm focusing on Canada and the United States, from July 2008 to November 2008; prior thereto, independent consultant providing business strategy, corporate development and financial advice to companies in British Columbia, Canada since January 2007; prior thereto, Executive Vice President of Intrawest ULC, a leader in the development and management of experiential destination resorts, since May 2002; Chief Executive Officer of Versatel Internet Group, an internet service provider, from February 2000 to December 2001; prior thereto, Chief Financial Officer of UUNET Canada and Latin America, an internet service provider, since May 1996.
Ellen M. Ingersoll	44	Chief Financial Officer since July 2002; prior thereto, Vice President-Controller or similar position since January 2002; prior thereto, Controller of CashX, Inc., a service provider of stored value internet cards, from June 2001 through October 2001; prior thereto, Operations Finance Director of LeapSource, Inc., a provider of business process outsourcing, since January 2000; and prior thereto, Vice President and Controller of Franchise Finance Corporation of America since May 1992.
John F. Jastrem	53	President and Ch