

VIAD CORP
Form 10-K
March 09, 2012
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As filed with the Securities and Exchange Commission on March 9, 2012

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, 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

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(Exact name of registrant as specified in its charter)

Delaware
State or other jurisdiction of

36-1169950
(I.R.S. Employer

incorporation or organization

Identification No.)

1850 North Central Avenue, Suite 1900

Phoenix, Arizona
(Address of principal executive offices)

85004-4565
(Zip Code)

Registrant's telephone number, including area code:

(602) 207-1000

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

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

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

None

Indicate by check mark 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 whether the registrant has submitted electronically and posted on its corporate Website, 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>

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Indicate by check mark whether the 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, 2011) was approximately \$440 million.

Registrant had 20,144,912 shares of Common Stock (\$1.50 par value) outstanding as of January 31, 2012.

Documents Incorporated by Reference

A portion of the Proxy Statement for the Annual Meeting of Shareholders of Viad Corp to be held May 15, 2012 is incorporated by reference into Part III of this Annual Report.

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PART I

Item 1. Business.

Viad Corp (together with its subsidiaries, Viad or the Company) derives its revenues from experiential services provided primarily within the exhibition and events industry and travel and recreation industry. Viad occupies leading positions as a value-added service provider in many of the markets in which it competes. Viad serves clients predominantly in North America, the United Kingdom, Germany and the United Arab Emirates.

Viad organizes its businesses into two main operating groups:

Marketing & Events Group. The Marketing & Events Group 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. The mission of the Marketing & Events Group is to create the world's most meaningful and memorable experiences for brand marketers, show organizers, event attendees and retail shopping centers. Show organizers include for-profit and not-for-profit show owners as well as show management companies. Corporate brand marketers include exhibitors and domestic and international corporations which want to promote their brands, feature new products, services and innovations and build business relationships. Viad's retail shopping center customers include major developers, owners and management companies of shopping malls and lifestyle centers.

Travel & Recreation Group. The Travel & Recreation Group generates its revenues from tourism products and experiential services, including world-class attractions, hotel and concession operations, transportation services and package tour operations in and around Western Canada, Glacier National Park in Montana, Denali National Park and Preserve in Alaska and Waterton Lakes National Park in Alberta, Canada.

Viad's two business groups are supported by a centralized Corporate Services Group, which provides functional support in the areas of human resources, legal, finance and accounting, internal auditing, information technology, corporate development, real estate and tax.

Reportable Segments

With the two business groups, Viad's organizational structure, operational decision-making authority, allocation of resources and internal reporting are aligned into the following reportable business segments:

Marketing & Events U.S. segment;

Marketing & Events International segment; and

Travel & Recreation Group segment.

No reportable segment has a client comprising more than seven percent of that segment's revenues, and no client comprises more than five percent of Viad's revenues. Viad's reportable business segments are described below.

Marketing & Events U.S. Segment

The Marketing & Events U.S. segment (the U.S. segment) is comprised of the domestic operations of Global Experience Specialists, Inc. and affiliates (GES). This segment generates revenues from the following services:

Show Organizer Services. Under agreements with show organizers, the U.S. segment serves as the official services contractor of an exhibition, which is also referred to as a trade show, convention or show. As the official services contractor, the U.S. segment provides the following services to the show organizer: general event 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 temporary electrical, lighting and plumbing.

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Exclusive Services Provided to Exhibitors. As the official services contractor, the U.S. segment is designated by the show organizer as the exclusive provider of certain services offered to exhibitors participating in the exhibition. This designation provides exhibitors with a single point of contact to facilitate a timely, safe and efficient move-in and move-out of the exhibition and to facilitate an organized, professional during-show experience. The exclusive services offered by the U.S. segment to exhibitors include: material handling services; overhead rigging; temporary electrical and plumbing and cleaning.

Discretionary Services Provided to Exhibitors. In addition to the exclusive services offered to exhibitors, the U.S. segment competes with other service providers to sell non-exclusive services to exhibitors, including: custom exhibit design and construction; portable and modular exhibits and design; integrated marketing, including pre- and post-event communications and customer relationship management; multimedia services; event surveys; return on investment analysis; attendee and exhibit booth traffic analysis; staff training; online management tools; logistics and freight-forwarding, storage and refurbishment of exhibits; booth furnishings, carpeting and signage; in-house installation and dismantling; and various

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other show services. The U.S. segment aims to provide these services, combined with complete event program management and planning, to corporate brand marketers across all exhibitions and events in which they participate. The U.S. segment competes with other service providers to offer these discretionary services to exhibitors, regardless of whether or not the U.S. segment is the official services contractor of the exhibition.

Other Marketing Services. The U.S. segment also 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 movie studios, leading consumer brand marketers, shopping malls, museums and casinos. In addition, the U.S. segment offers retail clients complete turnkey services, including design, engineering, graphic production, fabrication, warehousing, shipping and on-site installation of retail merchandising units, kiosks and holiday environments. The U.S. segment also provides construction and installation services for permanent installations, including museum exhibits, corporate lobbies, visitors centers, showrooms and retail interiors.

Competition. The U.S. segment generally competes in the exhibition and events industry on the basis of discernible differences, value, quality, price, convenience and service. Viad believes the primary competitor in the domestic official services contractor market is The Freeman Companies (a private company), however, the U.S. segment encounters substantial competition from a large number of providers. No competitor has significant market share in the other service categories. Most of the competitors are privately held companies with limited information available about them.

During 2011, the U.S. segment provided services to over 1,500 exhibitions and events and more than 166,000 exhibitors. The U.S. segment has full-service operations in every major exhibition market in the United States, including: Las Vegas, Nevada; Chicago, Illinois; Orlando, Florida; New York, New York and Los Angeles, California. In each of these locations, the U.S. segment is a leading service provider, servicing some of the most visible and influential events in its industry.

Marketing & Events International Segment

The Marketing & Events International segment (the International segment) includes all foreign operations of the Marketing & Events Group and consists of two operating segments: Canada and EMEA (Europe, Middle East and Asia). The International segment offers services that are similar to those provided by the U.S. segment. These services are delivered by Viad's wholly-owned subsidiaries including: GES Exposition Services (Canada) Limited, Melville Exhibition and Event Services Limited and affiliates (collectively, Melville), SDD Exhibitions Limited and GES GmbH & Co. KG.

During 2011, the International segment provided services to over 650 exhibitions and events and more than 58,000 exhibitors. The International segment has full-service operations in many of the most active and popular exhibition and event destinations, including ten Canadian cities, six United Kingdom cities, one German city and two cities in the United Arab Emirates. In each location, the International segment is a leading service provider, servicing some of the most visible and influential events in its industry.

Competition. The International segment generally competes on the basis of discernible differences, value, quality, price, convenience and service. The International segment is the largest exhibitions competitor in the countries in which it competes. The International segment encounters competition from a large number of providers of similar services. Most of the competitors are privately held companies, with limited information available about them.

Travel & Recreation Group Segment

Travel and recreation services are provided by Brewster Inc. (Brewster), Glacier Park, Inc. (Glacier Park) and Alaskan Park Properties, Inc. (Alaskan Park Properties). Brewster and Alaskan Park Properties are wholly-owned subsidiaries of Viad and Glacier Park is an 80 percent owned subsidiary of Viad.

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, hotel operations and corporate and event management.

Attractions. Brewster's attractions include the Banff Gondola, tours of the Athabasca Glacier on the Columbia Icefield and the Banff Lake Cruise operations. 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 clients 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

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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.

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Transportation Operations. 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 seasonal half- and full-day sightseeing tours from Calgary, Banff, Lake Louise and Jasper, Canada.

Package Tour Operations and Corporate and Event Management. 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 which may be custom designed at the time of booking. Brewster also offers a full suite of corporate and event management services for meetings, conferences, incentive travel, sports and special events. Event-related service offerings include staffing, off-site events, tours/activities, team building, housing, event management, theme development, production and audio visual services.

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

Brewster draws its customers from major markets including Canada, the United States, the United Kingdom, Australia/New Zealand and Asia. Brewster markets directly to consumers, as well as through distribution channels that include tour operators, tour wholesalers, destination management companies and retail travel agencies/organizations.

In October 2010, Brewster Travel Canada became the new brand identity of Brewster.

Glacier Park

Glacier Park is an independent hotel operator and concessionaire of Waterton-Glacier International Peace Park, which encompasses Glacier National Park in Montana and Waterton Lakes National Park in Alberta, Canada. Glacier Park is the largest concessionaire in Glacier National Park which is among the most visited National Parks in the United States. Glacier Park provides lodging accommodations, food and beverage services, retail operations, transportation services and tours throughout Glacier and Waterton-Lakes National Parks.

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, the occupancy level at Glacier Park's lodges and motor inns typically exceeds 90 percent. During the shoulder months of June and September, occupancy typically exceeds 80 percent.

Individual travelers account for over 80 percent of Glacier Park's customers, and the balance of its customers are tour groups. Demographically, Glacier Park draws over 90 percent of its customers from the United States, with approximately 60 percent of them coming from the Northwest and Midwest regions.

Historic Lodges and Hotel Accommodations. Glacier Park operates five lodges, three 1960s-era motor inns and one full-season resort hotel, with accommodation offerings varying from hikers' cabins to hotel suites. In January 2011, Glacier Park acquired Grouse Mountain Lodge, a 145-room resort hotel in Whitefish, Montana, which is near Glacier National Park. In June 2011, Glacier Park acquired St. Mary Lodge & Resort, a 115-room hotel in St. Mary, Montana, which is located outside the east entrance to Glacier National Park.

Hospitality Services. Glacier Park has food and beverage operations providing services to lodging guests and park visitors. Glacier Park also has retail operations, including a camp store and gift shops catering to lodging guests and park visitors.

Tour and Transportation Services. Glacier Park utilizes a fleet of authentic 1930s red touring buses that have rollback canvas tops to conduct interpretive park tours throughout Glacier and Waterton Lakes National Parks, including tours of the scenic Going-to-the-Sun Road.

Concession Business. 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 seven one-year periods and now expires on December 31, 2012. The Park Service, in its sole discretion, may continue extending Glacier Park's concession contract in one-year increments beyond 2012. 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 45 percent of its 2011 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; Whitefish, Montana and St. Mary,

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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 Glacier Park Lodge in East Glacier, Montana; Grouse Mountain Lodge in Whitefish, Montana and St. Mary Lodge & Resort in St. Mary, 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 19 percent of the Travel & Recreation Group's 2011 segment operating income.

Alaskan Park Properties

On September 16, 2011, Alaskan Park Properties, Inc., Viad's wholly-owned subsidiary, acquired Denali Backcountry Lodge, with 42 guest rooms on six acres inside Denali National Park and Preserve, and Denali Cabins, with 46 guest cabins on six acres near the entrance to Denali National Park and Preserve. The lodge operates day trips to its day trip lodge accessed by the scenic park road, a package tours sales and marketing program and daily motorcoach service between Anchorage and Denali National Park and Preserve. Alaskan Park Properties operations leverage Viad's full-service hospitality operational expertise and expand Viad's national park footprint into Alaska. Full-service operations of Alaskan Park Properties will begin in 2012 and it is anticipated that the operations will be seasonal, running from early June until the end of September.

Competition. The Travel & Recreation Group generally competes 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 business and charter service business.

Recent Business Developments

Over the past several years, Viad has made acquisitions and strategic investments to grow its business. In 2011, the Travel & Recreation Group acquired two properties near Glacier National Park (the St. Mary Lodge & Resort and Grouse Mountain Lodge), one property inside Denali National Park and Preserve (Denali Backcountry Lodge) and one property near the entrance to Denali National Park and Preserve (Denali Cabins).

Viad has also reorganized its structure and operations and rebranded its services. In July 2009, Viad announced a strategic reorganization to align operations into two groups: the *Marketing & Events Group* and the *Travel & Recreation Group*. The two groups are described above. On the close of business on December 31, 2009, the operations of the Marketing & Events U.S. segment were combined into Global Experience Specialists, Inc. (such operations being formerly known as GES Exposition Services, Inc., Exhibitgroup/Giltspur and The Becker Group). On February 2, 2010, the Marketing & Events Group introduced Global Experience Specialists as its new brand which is used in connection with all of the Marketing & Events Group's services, replacing the GES Exposition Services, Exhibitgroup/Giltspur and Becker Group brands. During 2011, Viad streamlined its operations by consolidating its leased facilities in San Francisco, California and Chicago, Illinois. The consolidation was part of an effort to optimize the Marketing & Events Group's U.S. service delivery network.

Most recently, on March 7, 2012, Viad acquired the Banff International Hotel and related assets for \$23.5 million in cash, subject to certain adjustments. The Banff International Hotel is a 162-guest room commercial hotel located in Banff, Alberta, Canada.

Intellectual Property

Viad and its subsidiaries own or have the right to use registered trademarks and trademarks pending registration, used in their businesses, including Global Experience Specialists, *GES*[®], *ExhibitSelect*[®], *GES Servicenter*[®], *GES National Servicenter*[®], *HANG:RZ*[®], *Trade Show Electrical*[®], *Trade Show Rigging TSR*[®], *TSE Trade Show Electrical & design*[®], *ethnoMetrics*[®], *EMAX*[®], *DEXZ*[®], *WAM! The Wireless Ambassador*[®], *LUMA2 & design*[®] and *ecosense and design*. Viad and its subsidiaries also own or have the right to use many registered trademarks and trademarks pending registration outside of the United States, including the *Melville lion image*, *GES Worldwide Network*[®], *GES*, *Maxim*[®], *Emax*[®], *Showtech*, *SDDRetail* and the trademarks associated with Brewster's rebranding in 2010, including *Brewster Travel Canada & design*, *Brewster Attractions Explore & design*, *Brewster Hospitality Refresh & design* and *escape.connect.refresh.explore*. 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 business.

The Company 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 and a modular structure having a load-bearing surface. The Company 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. The Marketing & Events

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Group has extensive design libraries with copyright protections and owns copyright registrations for a number of the designs within its design libraries. Copyright protection for such work is 95 years from the date of publication or 120 years from creation, whichever is shorter.

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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 the National Labor Relations Act) and U.S. and Canadian 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 3,510 employees as of December 31, 2011 as follows:

	Approximate Number of Employees	Regular Full-Time Employees Covered by Collective Bargaining Agreements
Marketing & Events Group	3,010	1,060
Travel & Recreation Group	350	80

Viad believes that relations with its employees are satisfactory and that collective-bargaining agreements expiring in 2012 will be renegotiated in the ordinary course of business without a material adverse effect on Viad's operations.

Viad's Corporate Services Group had 149 employees as of December 31, 2011 providing management, financial and accounting, internal auditing, tax, administrative, information technology, 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 nine non-employee directors and one employee director and has an executive management team consisting of ten executive officers (including the CEO, who is also an employee director, and the president of each operating group).

Seasonality

Exhibition and event activity varies significantly depending on the frequency and timing of shows (some shows are not held each year and some may shift between quarters). The Marketing & Events U.S. segment generally reports its highest revenues during the first quarter of each year, while the Marketing & Events International segment generally reports its highest revenues during the second quarter of each year. The Travel & Recreation Group segment experiences peak activity during the summer months and 87 percent of revenues are earned in the second and third quarters. Viad's average segment operating income during the past three years, as a percentage of the average full year's segment operating income during the past three years, was approximately 54 percent (first quarter), 62 percent (second quarter), 29 percent (third quarter) and minus 45 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 impacts overall profitability and makes comparisons between periods difficult in Item 1A, which are incorporated herein by reference; see also Notes 20 and 23 of notes to consolidated financial statements.

Financial Information about Restructuring Charges

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

Financial Information about Segments

Business segment financial information is provided in Note 20 of notes to consolidated financial statements.

Financial Information about Geographic Areas

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Geographic area financial information is provided in Note 20 of notes to consolidated financial statements.

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Available Information

Viad's internet address is www.viad.com. Viad uses its web site as a routine channel for distribution of Company information, including press releases, financial information and corporate governance initiatives. Viad posts filings as soon as reasonably practicable after they are electronically filed with, or furnished to, the U.S. Securities and Exchange Commission (SEC), including Viad's annual, quarterly and current reports, proxy statements, amendments to those reports or statements, and other information, as well as transactions in Viad securities by Viad's directors and executive officers. All such postings and filings are available on Viad's web site free of charge. In addition, Viad's web site allows interested persons to sign up to automatically receive e-mail alerts when the Company posts news releases and financial information. The SEC's web site, www.sec.gov, contains reports, proxy and information statements and other information, regarding issuers that file electronically with the SEC. Such information also 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. The content on any web site referred to in this Form 10-K is not incorporated by reference in this Form 10-K unless expressly noted.

Viad's web site, at www.viad.com/investors/corp_governance.html, includes key information about the Company's corporate governance initiatives, including its Corporate Governance Guidelines, charters of the committees of the Board of Directors, Code of Ethics and information concerning Viad's directors and a method to communicate with them. Viad will make available in print any of this information upon request to: Corporate Secretary, Viad Corp, 1850 North Central Avenue, Suite 1900, Phoenix, Arizona 85004-4565.

Item 1A. Risk Factors.

Viad's operating results are subject to known and unknown risks. As a result, past financial performance and historical trends may not be reliable indicators of future performance.

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 the Marketing & Events U.S. and International segments depend largely on the number of exhibitions held and on the size of exhibitors' marketing expenditures, which in turn depend partly on the strength of particular industries in which exhibitors operate. The number and size of exhibitions generally decrease when the economy weakens.

Further, many exhibitors' marketing budgets are partly discretionary, and are frequently among the first expenditures reduced by exhibitors when economic conditions deteriorate, resulting in reduced spending by exhibitors for the Company's services. Marketing expenditures often are not increased until economic conditions improve. As a result, during periods of general economic weakness, the operating results for the Marketing & Events Group are adversely affected. Similarly, many of the retail shopping mall and lifestyle center clients of the Marketing & Events Group may reduce marketing expenditures when economic conditions deteriorate.

Revenues from the Travel & Recreation Group 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 results of operations are impacted by changes in foreign currency exchange rates.

Viad conducts foreign operations primarily in Canada, 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. 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 has not hedged 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, even when the functional currency amounts have not changed. Accordingly, fluctuations in the exchange rates affect overall profitability and historical period to period comparisons. Viad has not hedged its net earnings exposure arising from the translation of its foreign operating results.

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During 2011, \$156.2 million of revenue and \$6.9 million of segment operating income was derived through Canadian and United Kingdom operations of Viad's Marketing & Events International segment. In addition, \$71.7 million of 2011 revenue and \$17.4 million of 2011 segment operating income generated in the Travel & Recreation Group was derived through

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its Canadian operations. For this segment, Canadian operations are 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 segment operating income in the Travel & Recreation Group.

Exhibition rotation impacts overall profitability and makes comparisons between periods difficult.

The business activities of the Marketing & Events Group are largely dependent upon the frequency, timing and location of exhibitions and events. Some large exhibitions are not held annually (they may be held once every two or three years or longer). 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, and may result in Viad generating lower margins in a given period if the exhibition shifts to a higher-cost city.

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 others, to travel. 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, 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 client to renew its services contract or the loss of business from convention facilities could adversely impact revenues.

Although no single client accounts for more than seven percent of the revenue of any of Viad's reporting segments, the Marketing & Events U.S. and International segments have a relatively small number of large exhibition show organizers and large customer accounts. The loss of any of these large clients would adversely affect Viad's results of operations.

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

Viad's key businesses are relationship driven.

The business activities of the Marketing & Events U.S. and International segments are heavily focused on client relationships, and, specifically, on the close collaboration and interaction with the client. 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 clients (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.

Viad has acquired businesses and intends to continue to pursue opportunities to acquire businesses that could complement, enhance or expand Viad's current businesses or offer growth opportunities to Viad. Any acquisition can involve a number of risks, 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 ongoing 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.

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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.

The Marketing & Events U.S. segment generally reports its highest revenues during the first quarter of each year, while the Marketing & Events International segment generally reports its highest revenues during the second quarter of each year. The Travel & Recreation Group businesses are also seasonal, experiencing peak activity during the second and third quarters; these quarters accounted for 87 percent of the segment's 2011 revenues. Because of the seasonal nature of Viad's businesses, adverse events or conditions occurring during peak periods could reduce the operating results of Viad's businesses.

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

The Marketing & Events U.S. and International segments 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 the ability of the Marketing & Events Group 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-third requiring renegotiation each year. If the results of labor negotiations caused the Company to increase wages or benefits, which increases 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 strike or carry out other types of work stoppages. 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.

Obligations to fund multi-employer pension plans to which Viad contributes may have an adverse impact on operating results.

Viad's businesses contribute to various multi-employer pension plans based on obligations arising under collective-bargaining agreements covering its union-represented employees. Viad's contributions to these multi-employer plans in 2011 and 2010 totaled \$19.6 million and \$15.3 million, respectively. Viad does not directly manage these multi-employer plans, which are generally managed by boards of trustees. 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. Viad cannot determine at this time the amount of additional funding, if any, it may be required to make to these plans. However, plan contribution increases, if any, could have an adverse impact on Viad's consolidated financial condition, results of operations and cash flows.

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

Viad is engaged in a number of highly competitive industries. Competition in the exhibition and events industry and the exhibits and experiential environments industries is driven by price and service quality, among other factors. 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 to avoid loss of related business, thereby adversely affecting operating results. In addition, if Viad is unable to anticipate and respond as effectively as competitors to changing business conditions, including new technologies and business models, Viad could lose market share to its competitors. If Viad were unable to meet the challenges presented by the competitive environment, results of operations could be adversely affected.

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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 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.

Terrorist attacks, natural disasters or other catastrophic events may have a negative effect on Viad's business.

The occurrence of catastrophic events ranging from natural disasters (such as hurricanes), health epidemics or pandemics, acts of war or terrorism, or the prospect of these events could disrupt Viad's businesses. Such catastrophic events could impact the Company's production facilities preventing Viad from timely completing exhibit fabrication and other projects for customers, and also could cause a disruption in the services the Company provides to its customers at convention centers, exhibition halls, hotels and other public venues. Such catastrophic events also could cause a cancellation of exhibitions and other events held in public venues. If the conditions arising from such events persist or worsen, Viad could experience continuing or increased adverse effects on its results of operations and financial condition.

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 the United Arab Emirates. The principal properties of Viad's businesses as of December 31, 2011 were:

Viad's headquarters, which approximate 24,700 square feet, are located at 1850 North Central Avenue, Suite 1900 in Phoenix, Arizona 85004-4565.

The Marketing & Events U.S. segment operates 16 offices and 27 multi-use facilities (manufacturing, sales and design, office and/or warehouse and truck marshaling yards). The multi-use facilities vary in size up to approximately 590,900 square feet. Three of the multi-use facilities are owned; all other properties are leased.

The Marketing & Events International segment operates four offices and 21 multi-use facilities, with three offices and nine multi-use facilities in Canada, eight multi-use facilities in the United Kingdom, two multi-use facilities in Germany and one office and two multi-use facilities in the United Arab Emirates. The multi-use facilities vary in size up to approximately 134,000 square feet. One of the multi-use facilities is owned; all other properties are leased.

The Travel & Recreation Group segment operates four offices, 16 retail stores, one bus terminal, three garages, an icefield tour facility, a gondola lift operation, a boat tour facility, 12 hotels/lodges (with approximately 1,200 rooms and ancillary foodservice and recreational facilities) and 46 guest cabins. All of the facilities are in the United States or Canada. Seven of the hotels/lodges and the 46 guest cabins are owned and the five other hotels/lodges are operated pursuant to concessionaire agreements. One bus terminal, three 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, 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 and insurance coverage, will not have a material effect on Viad's business, financial condition or results of operations.

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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 and insurance coverage, will not have a material effect on the Company's financial condition or results of operations.

Item 4. Mine Safety Disclosures.

None.

Other. Executive Officers of Registrant.

The names, ages and positions of Viad's executive officers 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	50	President and Chief Executive Officer since April 2006. Previously Chief Operating Officer since January 2006; prior thereto, President and Chief Executive Officer of GES since January 2000; prior thereto, Executive Vice President-International and Corporate Development of GES 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.
Deborah J. DePaoli	47	General Counsel and Secretary since May 2011; prior thereto, Deputy General Counsel and Assistant Secretary since 2009; prior thereto, Assistant General Counsel and Assistant Secretary since 2004; prior thereto, held other attorney positions since joining Viad in 2000; prior thereto, Vice President and General Counsel, Outings on the Links, Inc. since 1996; and prior thereto, Senior Associate and various legal positions with Gallagher & Kennedy, P.A. since 1991.
Michael M. Hannan	46	President of the Travel & Recreation Group since July 2009 and President of Brewster 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; prior thereto, Chief Executive Officer of Versatel Internet Group, an internet service provider, from February 2000 to December 2001; and prior thereto, Chief Financial Officer of UUNET Canada and Latin America, an internet service provider, since May 1996.
George N. Hines	39	Chief Information Officer since December 2009; prior thereto, Senior Vice President and Transitioning Chief Information Officer of Stream Global Services, Inc., a business process outsource provider, since October 2009; prior thereto, Senior Vice President and Chief Information Officer of eTelecare Global Solutions, Inc. (merged into Stream Global Services, Inc.) since August 2007; prior thereto, Chief Information Officer of PeopleSupport, Inc., a business process outsource provider, since December 2005; prior thereto, Executive Vice President, Operations and Chief Technology Officer of ChaseCom Limited Partnership, a provider of customer contact center services, since August 2004; prior thereto, Senior Manager Telecommunications Industry Practice of Deloitte Consulting LLP since April 2000; and prior thereto, Manager Telecommunications Industry Practice of Ernst & Young LLP from July 1996 to March 2000.

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Name	Age	Business Experience During the Past Five Years and Other Information
Ellen M. Ingersoll	47	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.
Thomas M. Kuczynski	47	Chief Corporate Development & Strategy Officer since March 2008; prior thereto, Senior Vice President, Corporate Development & Planning of The Nielsen Company, a media and marketing information company, since August 2006; prior thereto, Managing Director of The Pareto Group, a provider of strategic and investment advisory services, since January 2004; and prior thereto, Vice President of Penton Media, a business media firm producing magazines, trade shows, conferences and electronic media, from January 1999 to October 2003.
G. Michael Latta	49	Chief Accounting Officer - Controller since November 2002; prior thereto, Corporate Controller or similar position for SpeedFam-IPEC, Inc., a semiconductor equipment manufacturer, since October 1999; and prior thereto, Controller for Cardiac Pathways Corporation, a medical device manufacturer, since September 1994.
Steven W. Moster	42	President of GES since November 1, 2010; prior thereto, independent consultant providing marketing and sales consultation services to 3 Day Blinds Corporation, a manufacturer and retailer of custom window coverings, from April 2010 to August 2010; prior thereto, Executive Vice President - Chief Sales & Marketing Officer of GES from January 2008 to February 2010; prior thereto, Executive Vice President - Products and Services of GES from January 2005 to February 2010; prior thereto Vice-President, Products & Services Business of GES from January 2004 to January 2005; and prior thereto, Engagement Manager, Management Strategy Consulting for McKinsey & Company from August 2000 to January 2004.
Cindy J. Ognjanov	62	President and General Manager of Glacier Park since October 2002; prior thereto, co-owner of Omnidine, Inc., a food service consulting firm from April 1999 to October 2002; and prior thereto, rooms and operations manager for Glacier Park from April 1992 through July 1998.
David C. Robertson	46	Chief Human Resources Officer since August 2010; prior thereto, Senior Vice President of Human Resources, North America & Asia Pacific, of Insight Enterprises, a global provider of technology solutions, from October 2006 to August 2010; prior thereto, Senior Director of Human Resources, Aerospace Global Repair Services, of Honeywell International, a global diversified technology and manufacturing provider, from July 2005 to October 2006; prior thereto, Director of Human Resources of Honeywell from September 2003 to June 2005; and prior thereto, Director of Human Resources of America Online, Inc., a global web services company, from February 1999 to August 2003.

The term of office of the executive officers is until the next annual organization meeting of the Board of Directors of Viad which is scheduled for May 15, 2012.

Table of Contents**PART II****Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.**

The principal market on which Viad's common stock is traded is the New York Stock Exchange. The common stock is also admitted for trading on the Chicago and National Exchanges. The following tables summarize the high and low market prices as reported on the NYSE Euronext Composite Tape and the cash dividends declared for the two years ended December 31:

SALES PRICE RANGE OF COMMON STOCK

	2011		2010	
	High	Low	High	Low
First Quarter	\$ 26.78	\$ 19.82	\$ 21.87	\$ 17.33
Second Quarter	\$ 26.00	\$ 19.35	\$ 25.40	\$ 17.61
Third Quarter	\$ 23.02	\$ 15.77	\$ 20.76	\$ 14.75
Fourth Quarter	\$ 22.21	\$ 15.87	\$ 27.34	\$ 17.71

DIVIDENDS DECLARED ON COMMON STOCK

	2011	2010
February	\$ 0.04	\$ 0.04
May	0.04	0.04
August	0.04	0.04
December	0.04	0.04
Total	\$ 0.16	\$ 0.16

Regular quarterly dividends were paid on Viad common stock on the first business day of January, April, July and October. The terms of Viad's \$130 million secured revolving credit facility, as amended as of May 18, 2011, restrict Viad from paying more than \$10 million in dividends in the aggregate in any calendar year.

As of January 31, 2012, there were 7,724 shareholders of record of Viad's common stock following the one-for-four reverse stock split effective on July 1, 2004. There also were 1,082 shareholders of record as of January 31, 2012 that had not converted pre-split shares into the post-split common stock. Accordingly, there were a total of 8,806 shareholders of record as of January 31, 2012.

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

SHAREHOLDER RETURN PERFORMANCE GRAPH

Set forth below is a line graph comparing, for the five year period ended December 31, 2011, the yearly percentage change in the cumulative total shareholder return on Viad's common stock to the cumulative total return of the Standard & Poor's SmallCap 600 Media Index, Standard & Poor's SmallCap 600 Commercial Services & Supplies Index, Standard & Poor's SmallCap 600 Index, Russell 2000 Index and Standard & Poor's 500 Index.

The graph below assumes \$100 was invested on December 31, 2006 in Viad common stock, Standard & Poor's SmallCap 600 Media Index, Standard & Poor's SmallCap 600 Commercial Services & Supplies Index, Standard & Poor's SmallCap 600 Index, Russell 2000 Index and Standard & Poor's 500 Index with reinvestment of all dividends.

Table of Contents**Comparison of Five-Year Cumulative Total Return**

	Year ended December 31,					
	2006	2007	2008	2009	2010	2011
Viad Corp	\$ 100.00	\$ 78.12	\$ 61.52	\$ 51.80	\$ 64.44	\$ 44.57
S&P 500	\$ 100.00	\$ 105.48	\$ 66.40	\$ 83.87	\$ 96.37	\$ 98.22
Russell 2000	\$ 100.00	\$ 98.44	\$ 65.16	\$ 82.82	\$ 105.00	\$ 100.54
S&P SmallCap 600	\$ 100.00	\$ 99.70	\$ 68.71	\$ 86.24	\$ 108.88	\$ 109.92
S&P 600 Comm. Services & Supplies	\$ 100.00	\$ 93.61	\$ 73.79	\$ 93.11	\$ 108.68	\$ 94.99
S&P 600 Media Index	\$ 100.00	\$ 72.82	\$ 21.11	\$ 36.01	\$ 53.00	\$ 40.94

Set forth below is a table showing that no shares of Viad common stock were repurchased during the fourth quarter of 2011:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares Purchased (#)	Average Price Paid Per Share (\$)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs (1)
None				53,621
Total				53,621

- (1) Viad has announced its intent to repurchase shares of the Company's common stock from time to time at prevailing market prices. Viad purchased 250,760 shares for \$4.6 million during 2011, with an announced authority to repurchase a remaining 53,621 shares as of December 31, 2011. The authorization of the Board of Directors does not have an expiration date. The terms of Viad's \$130 million secured revolving credit facility, as amended as of May 18, 2011, restrict the Company from repurchasing more than \$10 million in the aggregate of the Company's common stock in any calendar year.

Table of Contents**Item 6. Selected Financial Data.****VIAD CORP****SELECTED FINANCIAL AND OTHER DATA**

	2011	2010	Year ended December 31,		2007
			2009	2008	
	(in thousands, except per share data)				
Statement of Operations Data					
Revenues:					
Convention and event services ⁽¹⁾	\$ 670,054	\$ 590,444	\$ 582,969	\$ 804,546	\$ 719,930
Exhibits and environments ^{(1) (2)}	170,496	166,040	147,533	229,694	199,549
Travel and recreation services ⁽³⁾	101,814	88,277	75,302	86,621	84,222
Total revenues	\$ 942,364	\$ 844,761	\$ 805,804	\$ 1,120,861	\$ 1,003,701
Income (loss) from continuing operations ⁽⁴⁾	\$ 9,292	\$ 817	\$ (104,808)	\$ 43,538	\$ 43,312
Income from discontinued operations ⁽⁵⁾	451	262	679	385	2,049
Net income (loss)	9,743	1,079	(104,129)	43,923	45,361
Net income attributable to noncontrolling interest	(533)	(636)	(582)	(550)	(764)
Net income (loss) attributable to Viad	\$ 9,210	\$ 443	\$ (104,711)	\$ 43,373	\$ 44,597
Diluted Income (Loss) per Common Share					
Income (loss) from continuing operations attributable to Viad common stockholders ⁽⁴⁾	\$ 0.43	\$ 0.01	\$ (5.28)	\$ 2.08	\$ 2.04
Income from discontinued operations attributable to Viad common stockholders ⁽⁵⁾	0.02	0.01	0.03	0.02	0.10
Net income (loss) attributable to Viad common stockholders	\$ 0.45	\$ 0.02	\$ (5.25)	\$ 2.10	\$ 2.14
Weighted-average outstanding and potentially dilutive common shares	20,055	20,277	19,960	20,493	20,886
Basic Income (Loss) per Common Share					
Income (loss) from continuing operations attributable to Viad common stockholders ⁽⁴⁾	\$ 0.43	\$ 0.01	\$ (5.28)	\$ 2.08	\$ 2.04
Income from discontinued operations attributable to Viad common stockholders ⁽⁵⁾	0.02	0.01	0.03	0.02	0.10
Net income (loss) attributable to Viad common stockholders	\$ 0.45	\$ 0.02	\$ (5.25)	\$ 2.10	\$ 2.14
Weighted-average outstanding common shares	19,719	19,955	19,960	20,172	20,423
Dividends declared per common share	\$ 0.16	\$ 0.16	\$ 0.16	\$ 0.16	\$ 0.16
Balance Sheet Data at Year-End					
Total assets	\$ 617,828	\$ 616,503	\$ 609,186	\$ 729,404	\$ 781,363
Total debt and capital lease obligations	3,239	9,077	12,788	12,643	14,176
Total stockholders equity	386,179	386,711	384,631	467,089	475,829

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Other Data

Adjusted EBITDA ⁽⁶⁾	\$ 43,284	\$ 32,312	\$ 12,793	\$ 104,702	\$ 86,355
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- (1) 2007 amounts include \$95.9 million in revenue from Melville which was acquired by Viad in February 2007.
- (2) 2008 amounts include \$25.4 million in revenue from Becker Group which was acquired by Viad in January 2008.
- (3) 2011 amounts include \$9.7 million in revenue from Grouse Mountain Lodge and St. Mary Lodge & Resort which were acquired by Viad in January 2011 and June 2011, respectively.

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- (4) Income from continuing operations includes the following items (see Notes 3 and 17 of notes to consolidated financial statements):

	2011	Year ended December 31,			2007
		2010	2009	2008	
		(in thousands, except per share data)			
Restructuring charges, net of tax	\$ 2,453	\$ 2,613	\$ 8,677	\$ 317	\$ 835
Restructuring charges per diluted share	\$ 0.12	\$ 0.13	\$ 0.43	\$ 0.02	\$ 0.04
Impairment losses (recoveries), net of tax	\$	\$ 268	\$ 98,197	\$ 9,405	\$ (105)
Impairment losses (recoveries) per diluted share	\$	\$ 0.01	\$ 4.92	\$ 0.46	\$ (0.01)

- (5) The 2011, 2010, 2009 and 2008 amounts relate to certain obligations associated with previously sold operations. The 2007 amount primarily represents the settlement of a real estate participation interest associated with a parcel of land sold by a discontinued operation.
- (6) See Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations for a discussion of Non-GAAP Measures.

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

The following discussion should be read in conjunction with Viad Corp's consolidated financial statements and related notes. This discussion contains forward-looking statements that involve risks and uncertainties. Viad Corp's actual results could differ materially from those anticipated due to various factors discussed under Risk Factors, Forward-Looking Statements and elsewhere in this Annual 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), Glacier Park, Inc. (Glacier Park) and Alaskan Park Properties, Inc. (Alaskan Park Properties). Brewster provides tourism products and experiential 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 five 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. Alaskan Park Properties operates the Denali Backcountry Lodge, which is the largest of three lodges located within Denali National Park and Preserve in Alaska, and the Denali Cabins, which are located near the entrance to Denali National Park and Preserve. In addition to lodging, Alaskan Park Properties also provides food and beverage operations and package tour and transportation services in and around Denali National Park and Preserve.

Financial Highlights

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

Viad Corp (Consolidated)

Total revenues of \$942.4 million, an increase of 11.6 percent from 2010 revenues

Net income attributable to Viad of \$9.2 million compared to \$443,000 in 2010

Diluted income per share of \$0.45 compared to \$0.02 in 2010

Acquisitions of Grouse Mountain Lodge, St. Mary Lodge & Resort and Denali Backcountry Lodge and Denali Cabins for \$10.5 million, \$15.3 million and \$15.3 million, respectively

Restructuring charges totaling \$3.8 million primarily related to reorganization activities in the Marketing & Events Group, comprised of the elimination of certain positions and facility consolidations

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Income from discontinued operations of \$451,000 related to the reversal of certain liabilities associated with previously sold operations

Cash and cash equivalents were \$100.4 million as of December 31, 2011

Debt was \$3.2 million as of December 31, 2011

Marketing & Events U.S.

Revenues of \$631.4 million, an increase of 10.6 percent from 2010 revenues

Segment operating loss of \$6.3 million, as compared to a loss of \$15.2 million in 2010

Marketing & Events International

Revenues of \$218.6 million, an increase of 10.5 percent from 2010 revenues

Segment operating income of \$11.4 million compared to \$10.1 million in 2010

Table of Contents**Travel & Recreation Group**

Revenues of \$101.8 million, an increase of 15.3 percent from 2010 revenues

Segment operating income of \$20.2 million, as compared to \$19.9 million in 2010

Non-GAAP Measures:

The following discussion includes a presentation of Adjusted EBITDA and Income before impairment losses, which are utilized by management to measure the profit and performance of Viad's operations and to facilitate period to period comparisons. Adjusted EBITDA is defined by Viad as net income 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. Income before impairment losses is defined by Viad as income from continuing operations before the after-tax effect of impairment losses related to goodwill, other intangible assets and other long-lived assets. The presentation of Adjusted EBITDA and Income before impairment losses is supplemental to results presented under GAAP and may not be comparable to similarly titled measures used by other companies. 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. Income before impairment losses is utilized by management to review operating results of the business without the effects of non-cash impairment losses. These non-GAAP measures should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with GAAP.

Management believes that the presentation of Adjusted EBITDA and Income before impairment losses provides useful information to investors regarding Viad's results of operations for trending, analyzing and benchmarking the performance and value of Viad's business. Management uses Adjusted EBITDA and Income before impairment losses primarily as performance measures and believes that the GAAP financial measures most directly comparable to these non-GAAP measures are net income attributable to Viad and income from continuing operations attributable to Viad, respectively. Although Adjusted EBITDA is used as a financial measure to assess the performance of the business, the use of Adjusted EBITDA is limited because it does not consider material costs, expenses and other items necessary to operate the business. These items include debt service costs, 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. Similarly, although Income before impairment losses is used as a financial measure to assess the performance of the business, its use is limited because it does not consider non-cash goodwill, other intangible assets and other long-lived asset impairment losses. Because Adjusted EBITDA and Income before impairment losses do not consider the above items, a user of Viad's financial information should consider net income attributable to Viad and income from continuing operations attributable to Viad as important measures of financial performance because they provide more complete measures of the Company's performance.

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

	2011	2010 (in thousands)	2009
Adjusted EBITDA	\$ 43,284	\$ 32,312	\$ 12,793
Impairment losses		(302)	(116,863)
Interest expense	(1,511)	(1,835)	(1,690)
Income taxes	(3,888)	(1,742)	28,639
Depreciation and amortization	(29,126)	(28,252)	(28,269)
Income from discontinued operations	451	262	679
Net income (loss) attributable to Viad	\$ 9,210	\$ 443	\$ (104,711)

The increase in Adjusted EBITDA of \$11.0 million from 2010 to 2011 was primarily due to higher segment operating results in the Marketing & Events Group. The increase in Adjusted EBITDA of \$19.5 million from 2009 to 2010 was primarily driven by higher segment operating results at all operating segments and lower restructuring charges. See Results of Operations below for a discussion of fluctuations.

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

	2011	2010 (in thousands)	2009
Income (loss) before impairment losses attributable to Viad	\$ 8,759	\$ 449	\$ (7,193)
Impairment losses, net of tax ⁽¹⁾		(268)	(98,197)
Income (loss) from continuing operations attributable to Viad	\$ 8,759	\$ 181	\$ (105,390)

⁽¹⁾ Includes income tax benefits of \$34,000 and \$18.7 million in 2010 and 2009, respectively.

Results of Operations:**2011 vs. 2010:**

Revenues for 2011 increased 11.6 percent to \$942.4 million compared to \$844.8 million in 2010. Viad's income from continuing operations before income taxes was \$13.2 million for 2011 compared to \$2.6 million in 2010. These increases were primarily due to higher revenues from the Marketing & Events Group. Net restructuring charges in 2011 were \$3.8 million compared to \$4.2 million in 2010, both primarily related to the Marketing & Events Group. Impairment losses for 2010 were \$268,000 (after-tax), or \$0.01 per diluted share. The Company did not record any impairment losses in 2011.

Net income attributable to Viad for 2011 was \$9.2 million, or \$0.45 per diluted share, compared to \$443,000, or \$0.02 per diluted share, in 2010. These results include income from discontinued operations of \$451,000, or \$0.02 per diluted share, in 2011 and \$262,000, or \$0.01 per diluted share, in 2010 relating to obligations associated with previously sold operations.

During 2011, foreign exchange rate variances resulted in increases in revenues and segment operating income of \$14.1 million and \$1.7 million, respectively, as compared to 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 effects of foreign exchange rate variances on revenues and segment operating results from Viad's significant international operations:

	Revenues			Segment Operating Results		
	Weighted-Average Exchange Rates		Effect of Rate Variance	Weighted-Average Exchange Rates		Effect of Rate Variance
	2011	2010	(thousands)	2011	2010	(thousands)
Marketing & Events Group:						
Canada	\$ 1.01	\$ 0.97	\$ 3,141	\$ 1.00	\$ 0.98	\$ (27)
United Kingdom	\$ 1.61	\$ 1.54	\$ 5,684	\$ 1.61	\$ 1.52	\$ 445
Travel & Recreation Group:						
Canada	\$ 1.02	\$ 0.96	\$ 4,300	\$ 1.03	\$ 0.94	\$ 1,344

Accordingly, Viad's 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 \$631.4 million for 2011, up 10.6 percent compared to \$571.0 million in 2010. The increase was primarily due to base same-show revenue increases of 11.2 percent, increased exhibitor spending, new business wins and positive show rotation of approximately \$11 million. 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 36.6 percent of Marketing & Events U.S. segment revenues in 2011. The 2011 segment operating loss was \$6.3 million, compared to a loss of \$15.2 million in 2010. The improved operating results were primarily the result of higher revenues, partially offset by higher accruals for performance-based incentives.

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Revenues for the Marketing & Events International segment were \$218.6 million for 2011, up 10.5 percent compared to \$197.8 million in 2010. Segment operating income was \$11.4 million in 2011, compared to \$10.1 million in 2010. As discussed above, results in this segment were impacted by exchange rates during 2011, resulting in increases of \$9.8 million in revenue and \$379,000 in segment operating income, as compared to 2010. Excluding exchange rate variances, 2011 revenues increased by \$11.1 million, or 5.6 percent, and operating income increased by \$982,000, or 9.7 percent. The increase in

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revenues was primarily due to new show wins, positive show rotation of approximately \$4 million and same-show growth, which more than offset 2010 first quarter revenues from a major project for the 2010 Winter Olympic Games in Canada. Operating results for 2011 reflect higher compensation expenses, including merit increases and the elimination of temporary wage reductions, as compared to 2010.

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 have increased in each of the following six quarters.

For 2012, management expects U.S. same-show revenues to increase at a mid-single digit rate and that show rotation will not have a meaningful impact on revenues as revenue from non-annual shows during 2012 is expected to be comparable to revenues from non-annual shows that took place during 2011. Additionally, management anticipates that foreign currency exchange rate variances versus 2011 will have an unfavorable impact on the Marketing & Events Group's 2012 revenues and operating income of approximately \$9 million and \$500,000, respectively. Management remains focused on improving the profitability of the Marketing & Events U.S. segment through continued integration and consolidation of operations to increase capacity utilization and reduce costs. Consequently, management expects to record additional restructuring charges of approximately \$1.5 million in the first quarter of 2012 as a result of the continued reorganization activities. 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-third 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 \$101.8 million, up 15.3 percent compared to 2010 revenues of \$88.3 million. Segment operating income was \$20.2 million, up 1.6 percent from 2010 segment operating income of \$19.9 million. Segment operating margins were 19.8 percent in 2011 compared to 22.5 percent in 2010. As discussed above, results in this segment were impacted by exchange rate variances during 2011, resulting in increases of \$4.3 million and \$1.3 million in revenues and segment operating income, respectively, as compared to 2010.

Excluding exchange rate variances, 2011 revenues increased by \$9.2 million, or 10.5 percent, primarily due to the acquisitions of St. Mary Lodge & Resort and Grouse Mountain Lodge, which are located near Glacier National Park, as well as organic revenue growth at Brewster. The Company acquired the 145-room Grouse Mountain Lodge on January 5, 2011 for \$10.5 million in cash and the 115-room St. Mary Lodge & Resort on June 29, 2011 for \$15.3 million in cash. Brewster realized growth across all of its lines of business with the exception of its transportation business, which had higher 2010 revenues resulting from charter contracts related to the Winter Olympic and Paralympic Games. These improvements were partially offset by lower revenues from Many Glacier Hotel, a property operated by Glacier Park, resulting from planned construction that reduced the number of rooms available during 2011 as compared to 2010, as well as lower visitation to Glacier National Park during July and August.

Excluding exchange rate variances, 2011 segment operating income decreased by \$1.0 million primarily due to the lower revenues at Many Glacier Hotel (which have a high flow through to operating income) and the seasonal fourth quarter operating loss at Alaskan Park Properties. The Company acquired the 42-room Denali Backcountry Lodge and 46 Denali Cabins on September 16, 2011 for \$15.3 million in cash.

During 2011, approximately 70 percent of revenue and 86 percent of segment operating income generated in the Travel & Recreation Group segment were 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.

Management anticipates that foreign currency exchange rate variances versus 2011 will have an unfavorable impact on Travel & Recreation Group segment 2012 revenues and operating income of approximately \$3 million and \$1 million, respectively. Additionally, the Travel & Recreation Group segment is affected by consumer discretionary spending on tourism activities.

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 seven one-year periods and now expires on

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December 31, 2012. The Park Service, in its sole discretion, may continue extending Glacier Park's concession contract in one-year increments beyond 2012. 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 45 percent of its 2011 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; Whitefish, Montana and St. Mary, 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 Glacier Park Lodge in East Glacier, Montana; Grouse Mountain Lodge in Whitefish, Montana and St. Mary Lodge & Resort in St. Mary, 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 19 percent of the Travel & Recreation Group's 2011 segment operating income.

Corporate Activities. Corporate activities expense of \$7.7 million in 2011 increased from \$6.4 million in 2010. This increase was primarily due to higher legal fees related to employee benefits associated with previously divested operations and other matters.

Restructuring Charges. In 2011, Viad recorded net restructuring charges of \$3.8 million compared to \$4.2 million in 2010 (the 2010 amount includes a reversal of restructuring reserves of \$814,000 primarily related to revisions in estimated sublease income associated with certain leased facilities). These charges primarily related to reorganization activities in the Marketing & Events Group, comprised of the elimination of certain positions as well as facility consolidations.

Income Taxes. The effective tax rate for 2011 was 29.5 percent compared to 68.1 percent for 2010. The relatively low rate for 2011 compared to the statutory rate was due to favorable tax resolutions of \$103,000, state tax benefits of \$100,000 and other tax benefits. The relatively high rate for 2010 compared to the statutory rate was due to the write-off of deferred taxes of \$1.3 million as a result of health care legislation, partially offset by favorable tax resolutions of \$514,000. Excluding the effects of these items, the 2010 effective rate was 38.2 percent.

2010 vs. 2009:

Revenues for 2010 increased 4.8 percent to \$844.8 million compared to \$805.8 million in 2009. Viad's income from continuing operations before income taxes was \$2.6 million for 2010 compared to a loss of \$133.4 million in 2009. Impairment losses for 2010 were \$268,000 (after-tax), or \$0.01 per diluted share. In 2009, the Company recorded impairment losses of \$98.2 million (after-tax), or \$4.92 per diluted share, primarily related to goodwill and other intangible assets in the Marketing & Events Group, as well as \$2.9 million related to the write down of a non-strategic real estate asset held for sale as of December 31, 2009. Income attributable to Viad before impairment losses for 2010 was \$449,000, or \$0.02 per diluted share, compared to the 2009 loss attributable to Viad before impairment losses of \$7.2 million, or \$0.36 per diluted share. Net restructuring charges in 2010 were \$4.2 million compared to \$14.1 million in 2009, both primarily related to the Marketing & Events Group. The improved results as compared to 2009 were also the result of higher revenues, overhead reductions and productivity improvements driven by the Company's Lean initiatives.

Net income attributable to Viad for 2010 was \$443,000, or \$0.02 per diluted share, compared to a loss of \$104.7 million, or \$5.25 per diluted share, in 2009. These results include income from discontinued operations of \$262,000, or \$0.01 per diluted share, in 2010 and \$679,000, or \$0.03 per diluted share, in 2009 relating to obligations associated with previously sold operations.

During 2010, foreign exchange rate variances resulted in increases in revenues and segment operating income of \$8.7 million and \$1.1 million, respectively, as compared to 2009. Viad conducts its foreign operations primarily in Canada and the United Kingdom and to a lesser extent in certain other countries.

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The following table summarizes the effects of foreign exchange rate variances on revenues and segment operating results from Viad's significant international operations:

	Revenues			Segment Operating Results		
	Weighted-Average Exchange Rates		Effect of Rate Variance	Weighted-Average Exchange Rates		Effect of Rate Variance
	2010	2009	(thousands)	2010	2009	(thousands)
Marketing & Events Group:						
Canada	\$ 0.97	\$ 0.87	\$ 7,607	\$ 0.98	\$ 0.85	\$ 533
United Kingdom	\$ 1.54	\$ 1.56	\$ (1,823)	\$ 1.52	\$ 1.49	\$ 52
Travel & Recreation Group:						
Canada	\$ 0.96	\$ 0.89	\$ 4,387	\$ 0.94	\$ 0.92	\$ 538

Accordingly, Viad's results were primarily impacted by the strengthening of the Canadian dollar relative to the U.S. dollar. Future decreases in the exchange rates may adversely 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 \$571.0 million for 2010, up 0.4 percent compared to \$568.4 million in 2009. The increase was primarily due to positive show rotation of \$15 million in revenue, mostly offset by reductions in brand marketer spending and a base same-show revenue decline of one percent. 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 37.1 percent of Marketing & Events U.S. segment revenues in 2010. The 2010 segment operating loss was \$15.2 million, compared to a loss of \$22.1 million in 2009. The improved operating results were primarily the result of higher revenues, overhead reductions of approximately \$10 million versus 2009 and productivity improvements driven by the Company's Lean initiatives, partially offset by higher accruals for performance-based incentives (which were not significant in 2009) and pricing pressures.

Revenues for the Marketing & Events International segment were \$197.8 million for 2010, up 14.6 percent compared to \$172.6 million in 2009. Segment operating income was \$10.1 million in 2010, compared to \$9.2 million in 2009. As discussed above, results in this segment were impacted by exchange rates during 2010, resulting in increases of \$4.3 million in revenue and \$519,000 in segment operating income, as compared to 2009. Excluding exchange rate variances, 2010 revenues increased by \$20.8 million, or 12.1 percent, and operating income increased by \$343,000, or 3.7 percent. The increase in revenue primarily resulted from market share gains, improving industry trends, a major project for the 2010 Winter Olympic Games in Canada and positive show rotation of \$3 million. The improved operating income was primarily the result of higher revenues, partially offset by performance-based incentives and the reinstatement of full wages after a temporary reduction in 2009.

Travel & Recreation Group. Revenues for the Travel & Recreation Group segment were \$88.3 million, up 17.2 percent compared to 2009 revenues of \$75.3 million. Segment operating income was \$19.9 million, up 16.6 percent from 2009 operating income of \$17.1 million. As discussed above, results in this segment were impacted by exchange rate variances during 2010, resulting in increases of \$4.4 million and \$538,000 in revenues and segment operating income, respectively, as compared to 2009. Excluding exchange rate variances, 2010 revenues increased by \$8.6 million, or 11.4 percent, primarily due to initiatives to capture incremental spend per guest as well as stronger demand for the Company's tourism services that was partly related to the centennial anniversary of Glacier National Park and the 2010 Winter Olympic and Paralympic Games.

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 from the Travel & Recreation Group segment.

Corporate Activities. Corporate activities expense of \$6.4 million in 2010 increased from \$5.6 million in 2009. This increase was primarily due to higher performance-based compensation expense in 2010 as compared to performance-based compensation expense reversals in 2009, partially offset by lower consulting fees in 2010.

Impairment Losses. In 2010, Viad recorded impairment losses of \$302,000 related to other intangible assets and certain property and equipment at the Travel & Recreation Group. In 2009, Viad recorded impairment losses of \$116.9 million, including \$112.3 million related to the non-cash write-down of goodwill and other intangible assets at the Marketing & Events Group, \$1.7 million related to touring exhibit assets at the Marketing & Events Group and \$2.9 million related to the write-down of a non-strategic real estate asset held for sale at the Travel &

Recreation Group as of December 31, 2009.

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Restructuring Charges. In 2010, Viad recorded gross restructuring charges of \$5.0 million compared to \$15.4 million in 2009 primarily related to reorganization activities in the Marketing & Events Group, comprised of the elimination of certain positions as well as facility consolidations. In 2010, Viad also reversed restructuring reserves of \$814,000 versus \$1.3 million in 2009 primarily related to revisions in estimated sublease income associated with certain leased facilities.

Income Taxes. The effective tax rate for 2010 was 68.1 percent compared to 21.5 percent for 2009. The relatively high rate for 2010 compared to the statutory rate was due to the write-off of deferred taxes of \$1.3 million as a result of health care legislation, partially offset by favorable tax resolutions of \$514,000. Excluding the effects of these items, the 2010 effective rate was 38.2 percent. The relatively low rate for 2009 compared to the statutory rate was due to the effect of certain nondeductible impairment losses of \$26.8 million, partially offset by favorable tax resolutions of \$3.5 million. Excluding the effects of these items, the 2009 effective rate was 39.0 percent.

Liquidity and Capital Resources:

Cash and cash equivalents were \$100.4 million as of December 31, 2011 as compared to \$145.8 million as of December 31, 2010, with the decrease primarily due to Viad's acquisitions and capital expenditures, partially offset by cash flow from operations. During 2011, the Company generated net cash flows from operating activities of \$34.7 million primarily driven by operating results, partially offset by changes in working capital. 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.

As of December 31, 2011, the Company had \$64.1 million of its cash and cash equivalents held outside of the United States. Of the total amount, \$56.0 million was held in Canada, \$6.5 million in the United Kingdom and \$1.6 million in Germany. Although the Company records income tax expense with respect to its foreign operations at the statutory tax rates in effect in the United States, there were certain historical earnings related to its Canadian operations which, if repatriated to the United States, would result in incremental income tax expense. The incremental tax liability as of December 31, 2011 that would result assuming all foreign cash balances were repatriated to the United States would be approximately \$2.0 million.

Viad's total debt as of December 31, 2011 was \$3.2 million compared to \$9.1 million as of December 31, 2010. The debt-to-capital ratio was 0.008 to 1 as of December 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.

Effective May 18, 2011, Viad amended and restated its secured revolving credit agreement (the "Credit Facility"). The Credit Facility provides for a \$130 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 May 18, 2016) and borrowings are to be used for general corporate purposes (including permitted acquisitions) and to support up to \$50 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. In April 2011, Viad paid off its outstanding borrowing under the previous credit facility of \$4.2 million and as of December 31, 2011, Viad's total debt of \$3.2 million consisted entirely of capital lease obligations. As of December 31, 2011, Viad had \$125.4 million of capacity remaining under its Credit Facility reflecting outstanding letters of credit of \$4.6 million.

Borrowings under the Credit Facility (of which GES is a guarantor) are indexed to the 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 0.35 percent annually.

As part of the amendment, Viad's financial covenants were revised to include a fixed-charge coverage ratio of not less than 2.25 to 1 (and a ratio of not less than 2.50 to 1 after the fiscal quarter ending September 30, 2012) 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 and cash equivalents balance of \$50 million. As of December 31, 2011, the fixed-charge coverage and leverage ratios were 2.94 to 1 and 0.30 to 1, respectively. The terms of the Credit Facility allow Viad to pay up to \$10 million in dividends in the aggregate in any calendar year and also allow the Company to purchase up to \$10 million in any calendar year of the Company's common stock. Significant other covenants include limitations on: investments, additional indebtedness, sales/leases of assets, acquisitions, consolidations or mergers and liens on property. As of December 31, 2011, Viad was in compliance with all covenants.

As of December 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 the Company'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

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required to make under all guarantees existing as of December 31, 2011 would be \$28.5 million. These guarantees relate to leased facilities and expire 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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Capital expenditures for 2011 totaled \$21.5 million and primarily related to the purchase of rental inventory, equipment and computer hardware primarily at the Marketing & Events U.S. segment. Capital expenditures for 2010 totaled \$17.0 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. On June 29, 2011, Viad completed the acquisition of St. Mary for \$15.3 million in cash. On September 16, 2011, Viad completed the acquisition of Denali Backcountry Lodge and Denali Cabins for \$15.3 million in cash. On March 7, 2012, Viad acquired the Banff International Hotel and related assets for \$23.5 million in cash, subject to certain adjustments. The Banff International Hotel is a 162-guest room commercial hotel located in Banff, Alberta, Canada.

In 2012, management anticipates incurring an estimated \$20 million on the development of the Glacier Discovery Walk, a 1,312-foot guided interpretive walkway with a 98-foot glass-floored observation area overlooking the Sunwapta Valley at the Tangle Ridge Viewpoint in Jasper National Park, Alberta, Canada.

In March 2010, Viad completed the sale of a non-strategic real estate asset for \$14.3 million (net of selling costs).

Viad has announced its intent to repurchase shares of the Company's common stock from time to time at prevailing market prices. During 2011 and 2010, Viad repurchased 250,760 shares for \$4.6 million and 356,300 shares for \$6.3 million, respectively. As of December 31, 2011, 53,621 shares remain available for repurchase from the announced authorization. Additionally, during 2011 and 2010, the Company repurchased 28,627 shares for \$679,000 and 28,407 shares for \$573,000, respectively, related to tax withholding requirements on share-based awards.

During 2009, Viad paid certain foreign income tax reassessments of \$4.9 million and received tax refunds of \$1.9 million pursuant to a joint settlement with certain Canadian taxing jurisdictions. During 2010, Viad received income tax refunds of \$5.6 million related to carryback claims associated with 2009 operating losses.

The following table presents Viad's contractual obligations as of December 31, 2011:

	Total	Payments due by period			
		Less than 1 year	1-3 years (in thousands)	3-5 years	More than 5 years
Operating leases	\$ 72,297	\$ 16,699	\$ 30,196	\$ 12,609	\$ 12,793
Pension and postretirement benefits ⁽¹⁾	38,302	3,511	7,580	7,713	19,498
Purchase obligations ⁽²⁾	23,996	16,384	7,278	277	57
Capital lease obligations	3,239	2,018	1,183	38	
Estimated interest payments	559	432	123	4	
Total contractual cash obligations ⁽³⁾	\$ 138,393	\$ 39,044	\$ 46,360	\$ 20,641	\$ 32,348

(1) Estimated contributions related to multi-employer benefit plans are excluded from the table above. See Note 16 of notes to consolidated financial statements for disclosures regarding those obligations.

(2) Purchase obligations primarily represent payments due under various licensing agreements and commitments related to consulting and other contracted services that are enforceable and legally binding and that specify all significant terms, including open purchase orders.

(3) Aggregate self-insurance liabilities of \$27.1 million are excluded from the table above as the timing and amounts of future cash outflows are uncertain. See Note 9 of notes to consolidated financial statements.

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 December 31, 2011 with respect to these matters is not ascertainable, Viad believes that any resulting liability, after taking into consideration amounts already provided for and insurance coverage, will not have a material effect on Viad's business, financial position or results of operations.

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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 and insurance coverage, will not have a material effect on the Company's financial position, results of operations or liquidity. As of December 31, 2011, there was a remaining environmental remediation liability of \$5.8 million related to previously sold operations of which \$755,000 is included in the consolidated balance sheets under the caption "Other current liabilities" and \$5.0 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. Viad's contributions to these plans in 2011, 2010 and 2009 totaled \$19.6 million, \$15.3 million and \$15.7 million, respectively. Based on 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 December 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.

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 may expose the Company to liability or risks of loss that are not reflected in Viad's consolidated financial statements and related notes. See Notes 10, 18 and 19 of notes to 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 December 31, 2011, Viad had total goodwill of \$133.7 million consisting of \$84.9 million related to the Marketing & Events Group and \$48.8 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 \$22.2 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 December 31, 2011, the amount of goodwill assigned to the reporting units in the United Kingdom (Melville) and Canada was \$13.3 million and \$8.9 million, respectively. Also, as of December 31, 2011, the Brewster, Glacier Park and Alaskan Park Properties operating segments (within the Travel & Recreation Group) had goodwill of \$41.2 million, \$4.4 million and \$3.2 million (acquired September 2011), respectively. Brewster, Glacier Park and Alaskan Park Properties are considered reporting units for goodwill impairment testing purposes.

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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 December 31, 2011, Viad had aggregate goodwill of \$133.7 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 2011, 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 was 89 percent, 43 percent and 30 percent for each of the Marketing & Events Group reporting units in the United States, the United Kingdom (Melville) and Canada, respectively. For the Brewster and Glacier Park reporting units, the excess of the estimated fair value over the carrying value was 44 percent and 48 percent, respectively, as of the most recent impairment test. Significant 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 additional 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. See Results of Operations above and Note 3 of notes to consolidated financial statements for a discussion of goodwill impairment losses recorded during 2009.

Income taxes Viad is required to estimate and record provisions for income taxes in each of the jurisdictions in which the Company operates. Accordingly, the Company must estimate its actual current income tax liability, and assess temporary differences arising from the treatment of items for tax purposes as compared to the treatment for accounting purposes. These differences result in deferred tax assets and liabilities which are included in Viad's consolidated balance sheets. The Company must assess the likelihood that deferred tax assets will be recovered from future taxable income and to the extent that recovery is not likely, a valuation allowance must be established. The Company uses significant judgment in forming a conclusion regarding the recoverability of its deferred tax assets and evaluates the available positive and negative evidence to determine whether it is more-likely-than-not that its deferred tax assets will be realized in the future. As of December 31, 2011 and 2010, Viad had gross deferred tax assets of \$70.7 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.

The Company considered all available positive and negative evidence regarding the future recoverability of its deferred tax assets, including the Company's recent operating history and projected 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. As of December 31, 2011 and 2010, Viad had a valuation allowance of \$356,000 and \$411,000, respectively, 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.

As noted above, 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 future periods, it is reasonably 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.

Insurance liabilities Viad is self-insured up to certain limits for workers' compensation, automobile, product and general liability and property loss claims. The aggregate amount of insurance liabilities related to Viad's continuing operations was \$21.1 million as of December 31, 2011. Of this total, \$14.3 million related to workers' compensation liabilities and the remaining \$6.8 million related to general/auto liability claims. Viad has also retained and provided for certain insurance liabilities in conjunction with previously sold businesses totaling \$6.0 million as of December 31, 2011, primarily related to workers' compensation liabilities. Provisions for losses for claims incurred, including estimated claims incurred but not yet

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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 \$7.6 million, \$6.8 million and \$8.3 million in 2011, 2010 and 2009, 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 \$1.6 million to its funded pension plans and \$952,000 to its unfunded pension plans in 2012.

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 \$450,000 to the plans in 2012.

The assumed health care cost trend rate used in measuring the December 31, 2011 accumulated postretirement benefit obligation was nine percent, declining one-half percent each year to the ultimate rate of five percent by the year 2019 and remaining at that level thereafter. 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, 2011 by approximately \$1.7 million and the total of service and interest cost components by approximately \$112,000. 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, 2011 by approximately \$1.5 million and the total of service and interest cost components by approximately \$93,000.

The weighted-average assumptions used to determine the pension and postretirement benefit obligations as of December 31 were as follows:

	Domestic Plans							
	Funded Plans				Postretirement Benefit Plans			
	2011		2010		2011		2010	
Discount rate	4.92%	5.45%	4.75%	5.10%	4.70%	5.10%	4.60%	5.10%

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

	Domestic Plans							
	Funded Plans				Postretirement Benefit Plans			
	2011		2010		2011		2010	
Discount rate	5.45%	5.90%	5.10%	5.70%	5.10%	5.60%	5.10%	5.60%
Expected return on plan assets	6.35%	6.35%	N/A	N/A	6.10%	6.10%	5.50%	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. See Note 16 of notes to consolidated financial statements.

Share-based compensation Viad grants share-based compensation awards to officers, directors and certain key employees pursuant to the 2007 Viad Corp Omnibus Incentive Plan which has a ten-year life and provides for the following types of awards: (a) incentive and non-qualified stock options; (b) restricted stock and restricted stock units; (c) performance units or performance shares; (d) stock appreciation rights; (e) cash-based awards and (f) certain other stock-based awards.

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Share-based compensation expense recognized in the consolidated financial statements in 2011, 2010 and 2009 was \$4.4 million, \$3.5 million and \$3.1 million, respectively. Furthermore, the total tax benefits related to such costs were \$1.6 million, \$1.2 million and \$1.1 million in 2011, 2010 and 2009, respectively. No share-based compensation costs were capitalized during 2011, 2010 or 2009.

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

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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. See Note 2 of notes to consolidated financial statements.

Impact of Recent Accounting Pronouncements:

For a description of recently issued accounting pronouncements, including the expected dates of adoption and estimated effects, if any, on Viad's consolidated financial statements, see Note 1 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 Annual Report includes certain information, assumptions and discussions that may constitute forward-looking statements. These forward-looking statements are not historical facts, but reflect current estimates, projections, expectations, or trends concerning future growth, operating cash flows, availability of short-term borrowings, consumer demand, new business, investment policies, productivity improvements, ongoing cost reduction efforts, efficiency, competitiveness, 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, any deterioration in the economy and other risks discussed in Item 1A., Risk Factors, included in this Annual Report, 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 or other health crisis and international conditions, could affect the forward-looking statements in this Annual Report.

Item 7A. *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 stockholders' equity of \$34.6 million and \$39.0 million as of December 31, 2011 and 2010, respectively. During 2011 and 2010, an unrealized foreign currency translation loss of \$4.3 million and a gain of \$7.7 million, respectively, were recorded in other comprehensive income.

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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 results from Viad's Canadian and United Kingdom operations:

	Weighted-Average Exchange Rates		Effect of Rate Variance (thousands)	Weighted-Average Exchange Rates		Effect of Rate Variance (thousands)
	2011	2010		2010	2009	
Canadian Operations:						
Marketing & Events Group	\$ 1.00	\$ 0.98	\$ (27)	\$ 0.98	\$ 0.85	\$ 533
Travel & Recreation Group	\$ 1.03	\$ 0.94	\$ 1,344	\$ 0.94	\$ 0.92	\$ 538
United Kingdom Operations:						
Marketing & Events Group	\$ 1.61	\$ 1.52	\$ 445	\$ 1.52	\$ 1.49	\$ 52

As the Canadian operations generated aggregate operating income in 2011, Viad's segment operating income has been favorably impacted by \$1.3 million from the strengthening of the Canadian dollar relative to the U.S. dollar. A hypothetical change of ten percent in the Canadian exchange rate would have resulted in a change to operating income of approximately \$1.9 million. As the United Kingdom operations generated aggregate operating income in 2011, Viad's segment operating income has been favorably impacted by \$445,000 from the strengthening of the British pound relative to the U.S. dollar. A hypothetical change of ten percent in the British pound exchange rate would have resulted in a change to operating income of approximately \$951,000.

Viad is exposed to foreign exchange transaction risk as its foreign subsidiaries have certain revenue transactions denominated in currencies other than the functional currency of the respective subsidiary. From time to time, Viad utilizes forward contracts to mitigate the impact on earnings related to these transactions due to fluctuations in foreign exchange rates. As of December 31, 2011 and 2010, Viad did not have any significant foreign currency forward contracts outstanding.

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.

Viad's subsidiaries have exposure to changing fuel prices. Periodically, Brewster enters into futures contracts with an oil company to purchase two types of fuel and specifies the monthly total volume, by fuel product, to be purchased over the agreed upon term of the contract, which is generally no longer than one year. The main objective of Viad's risk policy related to changing fuel prices is to reduce transaction exposure in order to mitigate the cash flow risk and protect profit margins. There were no fuel contracts outstanding as of December 31, 2011 or 2010.

Item 8. Financial Statements and Supplementary Data.

Refer to Index to Financial Statements on page 33 for required information.

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

None.

Item 9A. Controls and Procedures.

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer of Viad, the effectiveness of the design and operation of disclosure controls and procedures has been evaluated as of December 31, 2011, and, based on that

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evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective as of December 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.

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

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

Item 9B. *Other Information.*

None.

PART III

Item 10. *Directors, Executive Officers and Corporate Governance.*

Information regarding directors of Viad, director nomination procedures, the Audit Committee of Viad's Board of Directors and compliance with Section 16(a) of the Securities Exchange Act of 1934, as amended, are included in the Proxy Statement for the Annual Meeting of Shareholders of Viad to be held on May 15, 2012, and are incorporated herein by reference. Information regarding executive officers of Viad is located in Part I, Executive Officers of Registrant on page 10 of this Annual Report.

Viad has adopted a Code of Ethics for all directors, officers and employees of the Company and its subsidiaries. A copy of the Company's Code of Ethics is available at Viad's website at www.viad.com/pdf/corpgovernance/CodeofEthics.pdf and is also available without charge to any shareholder upon request by writing to: Viad Corp, 1850 North Central Avenue, Suite 1900, Phoenix, Arizona 85004-4565, Attention: Corporate Secretary.

Item 11. *Executive Compensation.*

Information regarding executive compensation is contained in the Proxy Statement for the Annual Meeting of Shareholders of Viad to be held on May 15, 2012, and is incorporated herein by reference.

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

Information regarding security ownership of certain beneficial owners and management and information regarding securities authorized for issuance under equity compensation plans are contained in the Proxy Statement for the Annual Meeting of Shareholders of Viad to be held on May 15, 2012, and is incorporated herein by reference.

Item 13. *Certain Relationships and Related Transactions, and Director Independence.*

Information regarding director independence, and certain relationships and related transactions, is contained in the Proxy Statement for the Annual Meeting of Shareholders of Viad to be held on May 15, 2012, and is incorporated herein by reference.

Item 14. *Principal Accounting Fees and Services.*

Information regarding principal accounting fees and services and the pre-approval policies and procedures for such fees and services, as adopted by the Audit Committee of the Board of Directors, is contained in the Proxy Statement for the Annual Meeting of Shareholders of Viad to be held on May 15, 2012, and is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

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

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized, in Phoenix, Arizona, on the 9th day of March, 2012.

VIAD CORP

By: /s/ Paul B. Dykstra
Paul B. Dykstra
Chairman of the Board, President and
Chief Executive Officer

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

Principal Executive Officer

Date: March 9, 2012

By: /s/ Paul B. Dykstra
Paul B. Dykstra
Chairman of the Board, President and
Chief Executive Officer

Principal Financial Officer

Date: March 9, 2012

By: /s/ Ellen M. Ingersoll
Ellen M. Ingersoll
Chief Financial Officer

Principal Accounting Officer

Date: March 9, 2012

By: /s/ G. Michael Latta
G. Michael Latta
Chief Accounting Officer Controller

Directors

Wayne G. Allcott

Daniel Boggan Jr.

Isabella Cunningham

Richard H. Dozer

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Jess Hay

Robert C. Krueger

Robert E. Munzenrider

Margaret E. Pederson

Albert M. Teplin

Date: March 9, 2012

By: /s/ Ellen M. Ingersoll
Ellen M. Ingersoll
Attorney-in-Fact

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

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

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

Management assessed the effectiveness of Viad's internal control over financial reporting as of December 31, 2011. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control-Integrated Framework*.

Based on its assessment, management concluded that, as of December 31, 2011, Viad's internal control over financial reporting is effective based on those criteria.

Viad's independent registered public accounting firm, Deloitte & Touche LLP, has issued a report relating to its audit of the effectiveness of Viad's internal control over financial reporting, which appears on page 32 of this Annual Report.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders of

Viad Corp

Phoenix, Arizona

We have audited the internal control over financial reporting of Viad Corp and subsidiaries (the Company) as of December 31, 2011, based on criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on the criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2011, of the Company and our report dated March 9, 2012, expressed an unqualified opinion on those consolidated financial statements and financial statement schedule.

/s/ DELOITTE & TOUCHE LLP
Deloitte & Touche LLP
Phoenix, Arizona
March 9, 2012

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	December 31,	
	2011	2010
	(in thousands, except share data)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 100,376	\$ 145,841
Accounts receivable, net of allowance for doubtful accounts of \$1,072 and \$1,172, respectively	63,583	47,187
Inventories	35,825	38,670
Deferred income taxes	24,200	22,057
Other current assets	14,647	17,160
Total current assets	238,631	270,915
Property and equipment, net	173,813	149,346
Other investments and assets	31,051	31,363
Deferred income taxes	38,755	35,875
Goodwill	133,694	127,441
Other intangible assets, net	1,884	1,563
Total Assets	\$ 617,828	\$ 616,503
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 51,448	\$ 47,933
Other current liabilities	97,331	96,749
Current portion of long-term debt and capital lease obligations	2,018	6,639
Total current liabilities	150,797	151,321
Long-term debt and capital lease obligations	1,221	2,438
Pension and postretirement benefits	35,419	33,008
Other deferred items and liabilities	44,212	43,025
Total liabilities	231,649	229,792
Commitments and contingencies (Notes 18 and 19)		
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	599,188	606,902
Retained deficit	(13,256)	(19,229)
Unearned employee benefits and other	(2,951)	(4,433)
Accumulated other comprehensive income (loss):		
Unrealized gain on investments	222	282
Cumulative foreign currency translation adjustments	34,648	38,979
Unrecognized net actuarial loss and prior service credit	(12,977)	(10,410)
Common stock in treasury, at cost, 4,790,920 and 4,710,988 shares, respectively	(264,382)	(270,534)
Total Viad Corp stockholders' equity	377,894	378,959
Noncontrolling interest	8,285	7,752
Total stockholders' equity	386,179	386,711

Total Liabilities and Stockholders Equity	\$ 617,828	\$ 616,503
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See Notes to Consolidated Financial Statements.

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Table of Contents**VIAD CORP****CONSOLIDATED STATEMENTS OF OPERATIONS**

	Year Ended December 31,		
	2011	2010	2009
(in thousands, except per share data)			
Revenues:			
Convention and event services	\$ 670,054	\$ 590,444	\$ 582,969
Exhibits and environments	170,496	166,040	147,533
Travel and recreation services	101,814	88,277	75,302
Total revenues	942,364	844,761	805,804
Costs and expenses:			
Costs of services	752,679	656,315	636,249
Costs of products sold	164,309	173,690	165,367
Corporate activities	7,682	6,422	5,607
Interest income	(779)	(584)	(579)
Interest expense	1,511	1,835	1,690
Restructuring charges	3,782	4,222	14,054
Goodwill impairment losses			98,304
Intangible asset impairment losses		185	14,005
Other impairment losses		117	4,554
Total costs and expenses	929,184	842,202	939,251
Income (loss) from continuing operations before income taxes	13,180	2,559	(133,447)
Income tax expense (benefit)	3,888	1,742	(28,639)
Income (loss) from continuing operations	9,292	817	(104,808)
Income from discontinued operations	451	262	679
Net income (loss)	9,743	1,079	(104,129)
Net income attributable to noncontrolling interest	(533)	(636)	(582)
Net income (loss) attributable to Viad	\$ 9,210	\$ 443	\$(104,711)
Diluted income (loss) per common share			
Income (loss) from continuing operations attributable to Viad common stockholders	\$ 0.43	\$ 0.01	\$ (5.28)
Income from discontinued operations attributable to Viad common stockholders	0.02	0.01	0.03
Net income (loss) attributable to Viad common stockholders	\$ 0.45	\$ 0.02	\$ (5.25)
Weighted-average outstanding and potentially dilutive common shares	20,055	20,277	19,960
Basic income (loss) per common share			
Income (loss) from continuing operations attributable to Viad common stockholders	\$ 0.43	\$ 0.01	\$ (5.28)
Income from discontinued operations attributable to Viad common stockholders	0.02	0.01	0.03
Net income (loss) attributable to Viad common stockholders	\$ 0.45	\$ 0.02	\$ (5.25)
Weighted-average outstanding common shares	19,719	19,955	19,960

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Dividends declared per common share	\$ 0.16	\$ 0.16	\$ 0.16
Amounts attributable to Viad common stockholders			
Income (loss) from continuing operations	\$ 8,759	\$ 181	\$ (105,390)
Income from discontinued operations	451	262	679
Net income (loss)	\$ 9,210	\$ 443	\$ (104,711)

See Notes to Consolidated Financial Statements.

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Table of Contents**VIAD CORP****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Year Ended December 31,		
	2011	2010	2009
	(in thousands)		
Net income (loss)	\$ 9,743	\$ 1,079	\$ (104,129)
Other comprehensive income (loss):			
Unrealized investment gains (losses) arising during the period, net of tax expense (benefit) of \$(36), \$82 and \$137	(60)	128	216
Unrealized foreign currency translation adjustments, net of tax	(4,331)	7,696	25,050
Amortization of net actuarial loss, net of tax expense (benefit) of \$(709), \$1,433 and \$(2,859)	(1,777)	(2,109)	(4,164)
Amortization of prior service credit, net of tax benefit of \$487, \$17 and \$353	(790)	84	(548)
Total other comprehensive income (loss)	(6,958)	5,799	20,554
Comprehensive income (loss)	2,785	6,878	(83,575)
Comprehensive income attributable to noncontrolling interest	(533)	(636)	(582)
Comprehensive income (loss) attributable to Viad	\$ 2,252	\$ 6,242	\$ (84,157)

See Notes to Consolidated Financial Statements.

Table of Contents**VIAD CORP****CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Year Ended December 31,		
	2011	2010	2009
	(in thousands)		
Cash flows from operating activities			
Net income (loss)	\$ 9,743	\$ 1,079	\$ (104,129)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	29,126	28,252	28,269
Deferred income taxes	(924)	744	(8,349)
Income from discontinued operations	(451)	(262)	(679)
Restructuring charges	3,782	4,222	14,054
Impairment charges		302	116,863
Losses (gains) on dispositions of property and other assets	(42)	45	(18)
Share-based compensation expense	4,413	3,518	3,093
Excess tax benefit from share-based compensation arrangements	(54)	(27)	
Other non-cash items, net	4,659	4,580	6,714
Change in operating assets and liabilities (excluding the impact of acquisitions):			
Receivables	(18,092)	(3,042)	5,834
Inventories	3,729	6,148	7,493
Accounts payable	4,372	4,637	(15,623)
Restructuring liabilities	(3,888)	(6,718)	(7,587)
Accrued compensation	4,563	6,966	(17,620)
Customer deposits	4,950	2,000	(1,600)
Income taxes payable	(2,694)	(1,264)	(4,660)
Other assets and liabilities, net	(8,456)	(7,897)	(28,302)
Net cash provided by (used in) operating activities	34,736	43,283	(6,247)
Cash flows from investing activities			
Capital expenditures	(21,538)	(17,040)	(21,315)
Acquisition of businesses, net of cash acquired	(41,105)		
Proceeds from dispositions of property and other assets	440	14,753	76
Net cash used in investing activities	(62,203)	(2,287)	(21,239)
Cash flows from financing activities			
Payments on debt and capital lease obligations	(7,375)	(4,900)	(3,715)
Dividends paid on common stock	(3,241)	(3,275)	(3,292)
Common stock purchased for treasury	(5,230)	(6,906)	(1,233)
Debt issuance costs	(1,001)		(277)
Excess tax benefits from share-based compensation arrangements	54	27	
Proceeds from exercise of stock options	296	593	
Net cash used in financing activities	(16,497)	(14,461)	(8,517)
Effect of exchange rate changes on cash and cash equivalents	(1,501)	2,964	4,305
Net change in cash and cash equivalents	(45,465)	29,499	(31,698)
Cash and cash equivalents, beginning of year	145,841	116,342	148,040
Cash and cash equivalents, end of year	\$ 100,376	\$ 145,841	\$ 116,342

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Supplemental disclosure of cash flow information

Cash paid for income taxes	\$ 10,213	\$ 7,931	\$ 10,158
Cash paid for interest	\$ 1,088	\$ 1,131	\$ 1,309
Equipment acquired under capital leases	\$ 1,327	\$ 963	\$ 3,511

See Notes to Consolidated Financial Statements.

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VIAD CORP

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

	Common Stock	Additional Capital	Retained Earnings (Deficit)	Unearned Employee Benefits and Other	Accumulated Other Comprehensive Income (in thousands)	Common Stock in Treasury	Total Viad Equity	Non- Controlling Interest	Total Stockholders Equity
Balance, January 1, 2009	\$ 37,402	\$ 623,781	\$ 91,558	\$ (7,881)	\$ 2,498	\$ (286,803)	\$ 460,555	\$ 6,534	\$ 467,089
Net income (loss)			(104,711)				(104,711)	582	(104,129)
Dividends on common stock			(3,292)				(3,292)		(3,292)
Common stock purchased for treasury						(1,233)	(1,233)		(1,233)
Employee benefit plans		(21,398)		(30)		21,398	(30)		(30)
ESOP allocation adjustment				1,964			1,964		1,964
Share-based compensation equity awards		4,899					4,899		4,899
Tax deficiencies from share-based compensation		(1,251)					(1,251)		(1,251)
Unrealized foreign currency translation adjustment					25,050		25,050		25,050
Unrealized gain on investments					216		216		216
Amortization of prior service credit					(548)		(548)		(548)
Amortization of net actuarial loss					(4,164)		(4,164)		(4,164)
Other, net		7	40	(7)		20	60		60
Balance, December 31, 2009	37,402	606,038	(16,405)	(5,954)	23,052	(266,618)	377,515	7,116	384,631
Net income			443				443	636	1,079
Dividends on common stock			(3,275)				(3,275)		(3,275)
Common stock purchased for treasury						(6,905)	(6,905)		(6,905)
Employee benefit plans		(2,397)				2,989	592		592
ESOP allocation adjustment				1,518			1,518		1,518
Share-based compensation equity awards		3,785					3,785		3,785
Tax deficiencies from share-based compensation		(524)					(524)		(524)
Unrealized foreign currency translation adjustment					7,696		7,696		7,696
Unrealized gain on investments					128		128		128
Amortization of prior service credit					84		84		84
Amortization of net actuarial loss					(2,109)		(2,109)		(2,109)
Other, net			8	3			11		11
Balance, December 31, 2010	37,402	606,902	(19,229)	(4,433)	28,851	(270,534)	378,959	7,752	386,711
Net income			9,210				9,210	533	9,743
Dividends on common stock			(3,241)				(3,241)		(3,241)
Common stock purchased for treasury						(5,230)	(5,230)		(5,230)
Employee benefit plans		(11,086)				11,381	295		295
ESOP allocation adjustment				1,490			1,490		1,490
Share-based compensation equity awards		3,688					3,688		3,688
Tax deficiencies from share-based compensation		(325)					(325)		(325)
Unrealized foreign currency translation adjustment					(4,331)		(4,331)		(4,331)
Unrealized loss on investments					(60)		(60)		(60)

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Amortization of prior service credit				(790)		(790)		(790)
Amortization of net actuarial loss				(1,777)		(1,777)		(1,777)
Other, net	9	4	(8)		1	6		6

Balance, December 31, 2011 \$ 37,402 \$ 599,188 \$ (13,256) \$ (2,951) \$ 21,893 \$ (264,382) \$ 377,894 \$ 8,285 \$ 386,179

See Notes to Consolidated Financial Statements.

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VIAD CORP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009

Note 1. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The consolidated financial statements of Viad Corp (Viad or the Company) are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and include the accounts of Viad and all of its subsidiaries. All intercompany account balances and transactions between Viad and its subsidiaries have been eliminated in consolidation.

Nature of Business

Viad s reportable segments consist of Marketing & Events U.S., Marketing & Events International and Travel & Recreation Group.

Marketing & Events 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.

Travel & Recreation Group

Travel and recreation services are provided by Brewster Inc. (Brewster), Glacier Park, Inc. (Glacier Park) and Alaskan Park Properties, Inc. (Alaskan Park Properties).

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 five 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.

In September 2011, Alaskan Park Properties, Viad s wholly-owned subsidiary, acquired Denali Backcountry Lodge and Denali Cabins. Denali Backcountry Lodge is a 42 guest room lodge located within Denali National Park and Preserve in Alaska and the Denali Cabins are 46 guest cabins located near the entrance to Denali National Park and Preserve. In addition to lodging, Alaskan Park Properties also provides food and beverage operations and package tour and transportation services in and around Denali National Park and Preserve.

Significant Accounting Policies

Use of Estimates. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. These estimates and assumptions include, but are not limited to:

Estimated fair value of Viad s reporting units used to perform annual impairment testing of recorded goodwill;

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Estimated fair value of intangible assets with indefinite lives, for purposes of impairment testing;

Estimated allowances for uncollectible accounts receivable;

Estimated provisions for income taxes, including uncertain tax positions;

Estimated valuation allowances related to deferred tax assets;

Estimated liabilities for losses related to self-insured liability claims;

Estimated liabilities for losses related to environmental remediation obligations;

Estimated sublease income associated with restructuring liabilities;

Assumptions used to measure pension and postretirement benefit costs and obligations;

Assumptions used to determine share-based compensation costs under the fair value method; and

Allocation of purchase price of acquired businesses.

Actual results could differ from these and other estimates.

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VIAD CORP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Cash and Cash Equivalents. Viad considers all highly-liquid investments with remaining maturities when purchased of three months or less to be cash equivalents. Viad's cash and cash equivalents consist of cash and bank demand deposits, bank time deposits and money market mutual funds. The Company's investments in money market mutual funds are classified as available-for-sale and carried at fair value.

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

Property and Equipment. Property and equipment are stated at cost, net of accumulated depreciation. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets: buildings, 15 to 40 years; equipment, 3 to 12 years; and leasehold improvements, over the shorter of the lease term or useful life. Property and equipment are tested for potential impairment whenever events or changes in circumstances indicate that the carrying amount of the long-lived asset may not be recoverable through undiscounted cash flows.

Capitalized Software. Viad capitalizes certain internal and external costs incurred in developing or obtaining internal use software. Capitalized costs principally relate to costs incurred to purchase software from third parties, external direct costs of materials and services, and certain payroll-related costs for employees directly associated with software projects once application development begins. Costs associated with preliminary project activities, training and other post-implementation activities are expensed as incurred. Capitalized software costs are amortized using the straight-line method over the estimated useful lives of the software, ranging from three to ten years. These costs are included in the consolidated balance sheets under the caption Property and equipment, net.

Goodwill. Goodwill is 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 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. These estimates, however, have inherent uncertainties and different assumptions could lead to materially different results.

Cash Surrender Value of Life Insurance. Viad has Company-owned life insurance contracts which are intended to fund the cost of certain employee compensation and benefit programs. These contracts are carried at cash surrender value, net of outstanding policy loans. The cash surrender value represents the amount of cash the Company could receive if the policies were discontinued before maturity. The changes in the cash surrender value of the policies, net of insurance premiums, are included as a component of Costs of Services in the consolidated statements of operations.

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

Environmental Remediation Liabilities. Viad has retained certain liabilities representing the estimated cost of environmental remediation obligations primarily associated with previously sold operations. The amounts accrued primarily consist of the estimated direct incremental costs, on an undiscounted basis, for contractor and other services related to remedial actions and post-remediation site monitoring. Environmental remediation liabilities are recorded when the specific obligation is considered probable and the costs are reasonably estimable. Subsequent recoveries from third parties, if any, are recorded through discontinued operations when realized.

Fair Value of Financial Instruments. The carrying values of cash and cash equivalents, receivables and accounts payable approximate fair value due to the short-term maturities of these instruments. The estimated fair value of debt obligations is disclosed in Note 10.

Foreign Currency Translation. 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

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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. 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.

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Table of Contents**VIAD CORP****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

Viad recognizes revenue when persuasive evidence of a sales arrangement exists, delivery has occurred or services have been rendered, the sales price is fixed or determinable and collectability is reasonably assured. GES derives revenues primarily by providing show services to exhibitors participating in exhibitions and events and from the design, construction, refurbishment of exhibit booths and holiday themed environments. Service revenue is recognized at the time services are performed. Exhibits and environments revenue is accounted for using the completed-contract method as contracts are typically completed within three months of contract signing. The Travel & Recreation Group generates revenues through its attractions, hotels and transportation and sightseeing services. Revenues are recognized at the time services are performed.

Share-Based Compensation. Viad recognizes and measures compensation costs related to all share-based payment awards using the fair value method of accounting. These awards generally include restricted stock, performance-based restricted stock (PBRS), stock options and liability-based awards (including performance units, restricted stock units and performance-based restricted stock units).

The fair value of restricted stock and PBRS awards are based on Viad's stock price on the date of grant. Restricted stock awards vest between three and five years from the date of grant. Share-based compensation expense related to restricted stock is recognized using the straight-line method over the requisite service period of approximately three years except for certain awards with a five year vesting period whereby expense is recognized based on an accelerated multiple-awards approach over a five year period. For these awards, 40 percent of the shares vest on the third anniversary of the grant and the remaining shares vest in 30 percent increments over the subsequent two anniversary dates. Viad issues restricted stock and PBRS awards from shares held in treasury.

Share-based compensation expense related to PBRS awards is recognized based on an accelerated multiple-award approach over the requisite service period of approximately three years. PBRS vests when certain incentive performance targets established in the year of grant are achieved at target levels. PBRS is subject to a graded vesting schedule whereby one third of the earned shares vest after the first year and the remaining earned shares vest in one-third increments each year over the next two years on the first business day in January.

Future vesting of restricted stock and PBRS is generally subject to continued employment with Viad or its subsidiaries. Holders of restricted stock and PBRS have the right to receive dividends and vote the shares, but may not sell, assign, transfer, pledge or otherwise encumber the stock, except to the extent restrictions have lapsed.

The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option pricing model. Share-based compensation expense related to stock option awards is recognized using the straight-line method over the requisite service period of approximately five years. The exercise price of stock options is based on the market value of Viad's common stock at the date of grant. Stock options granted also contain certain forfeiture and non-compete provisions.

Liability-based awards (including grants of restricted stock units and PBRS units awarded to key employees at certain of the Company's Canadian operations) 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. To the extent earned, liability-based awards are settled in cash based on Viad's stock price. Compensation expense related to liability-based awards is recognized ratably over the requisite service period of approximately three years.

Common Stock in Treasury. Common stock purchased for treasury is recorded at historical cost. Subsequent share reissuances are primarily related to share-based compensation programs and recorded at weighted-average cost.

Income Per Common Share. Viad applies the two-class method in calculating income per common share as unvested share-based payment awards that contain nonforfeitable rights to dividends are considered participating securities. Accordingly, such securities are included in the earnings allocation in calculating income per share. Furthermore, Viad funds its matching contributions to employees' 401(k) accounts through the Company's leveraged Employee Stock Ownership Plan (ESOP) feature of the Company's 401(k) defined contribution plan. ESOP shares are treated as outstanding for income per share calculations.

Table of Contents**VIAD CORP****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)*****Impact of Recent Accounting Pronouncements***

In May 2011, the Financial Accounting Standards Board (FASB) issued new guidance related to fair value measurement and disclosure requirements, which is codified in Accounting Standards Codification (ASC) Topic 820. The new guidance is intended to clarify the application of existing fair value measurement and disclosure requirements, and also changes certain principles and disclosures. The guidance is effective for fiscal years and interim periods beginning after December 15, 2011. The adoption of this new guidance is not expected to have a material impact on Viad's financial condition or results of operations.

In June 2011, the FASB issued new guidance related to the presentation of comprehensive income, which is codified in ASC Topic 220. The new guidance requires entities to present the total of comprehensive income, the components of net income and the components of other comprehensive income in one of two formats: 1) in a single continuous statement, or 2) in two separate but consecutive statements. The guidance is effective for fiscal years and interim periods beginning after December 15, 2011, and will not have an impact on Viad's financial condition or results of operations.

In September 2011, the FASB issued new guidance related to goodwill impairment testing, which is codified in ASC Topic 350. The new guidance simplifies how entities test goodwill for impairment and permits an entity to first assess qualitative factors to determine whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount. If, after performing the assessment, an entity determines that it is not more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. The guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The adoption of this new guidance is not expected to have a material impact on Viad's financial condition or results of operations.

In September 2011, the FASB issued new guidance related to disclosures regarding employer's participation in multi-employer pension plans, which is codified in ASC Topic 715. The new guidance requires employers that participate in multi-employer pension plans to provide additional quantitative and qualitative information about their involvement in those plans. The guidance is effective for annual periods for fiscal years ending after December 15, 2011. The adoption of this disclosure-only guidance did not impact Viad's financial condition or results of operations.

Note 2. Share-Based Compensation

Viad grants share-based compensation awards to officers, directors and certain key employees pursuant to the 2007 Viad Corp Omnibus Incentive Plan (the 2007 Plan). The 2007 Plan has a ten-year life and provides for the following types of awards: (a) incentive and non-qualified stock options; (b) restricted stock and restricted stock units; (c) performance units or performance shares; (d) stock appreciation rights; (e) cash-based awards and (f) certain other stock-based awards. The number of shares of common stock available for grant under the 2007 Plan is limited to 1,700,000 shares plus shares awarded under the 1997 Viad Corp Omnibus Incentive Plan (which terminated in May 2007) that subsequently cease for any reason to be subject to such awards (other than by reason of exercise or settlement of the awards to the extent the shares are exercised for, or settled in, vested and non-forfeited shares) up to an aggregate maximum of 1,500,000 shares. As of December 31, 2011, there were 1,023,839 total shares available for future grant.

The following table summarizes share-based compensation expense:

	2011	2010	2009
	(in thousands)		
Stock options	\$ 537	\$ 447	\$ 469
Restricted stock/PBRS	3,042	2,821	3,583
Restricted stock units/PBRS units	120	253	151
Performance unit incentive plan (PUP)	714	(3)	(1,110)

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Total share-based compensation before income tax benefit	4,413	3,518	3,093
Income tax benefit	(1,594)	(1,225)	(1,125)
Total share-based compensation, net of income tax benefit	\$ 2,819	\$ 2,293	\$ 1,968

In addition, \$124,000, \$519,000 and \$767,000 of costs associated with share-based compensation were included in restructuring expense in 2011, 2010 and 2009, respectively. No share-based compensation costs were capitalized during 2011, 2010 or 2009.

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Table of Contents**VIAD CORP****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Restricted Stock and PBRS. The following table summarizes restricted stock and PBRS activity:

	Restricted Stock Weighted-Average		PBRS Weighted-Average	
	Shares	Grant Date Fair Value	Shares	Grant Date Fair Value
Balance at January 1, 2009	358,285	\$ 34.25	94,828	\$ 34.56
Granted	234,333	15.56	164,200	15.36
Vested	(189,462)	31.48	(46,701)	34.21
Forfeited	(12,346)	27.81	(37,400)	15.19
Balance at December 31, 2009	390,810	24.59	174,927	20.77
Granted	157,900	19.30		
Vested	(65,961)	34.42	(29,547)	35.31
Cancelled			(126,550)	15.36
Forfeited	(4,250)	22.55		
Balance at December 31, 2010	478,499	21.51	18,830	33.02
Granted	191,850	22.70		
Vested	(91,212)	31.31	(18,414)	33.42
Forfeited	(7,115)	20.81		
Balance at December 31, 2011	572,022	20.36	416	15.36

The grant date fair value of restricted stock vesting during 2011, 2010 and 2009 was \$2.9 million, \$2.3 million and \$6.0 million, respectively. The grant date fair value of PBRS vesting during 2011, 2010 and 2009 was \$615,000, \$1.0 million and \$1.6 million, respectively. As of December 31, 2011, the unamortized cost of all outstanding restricted stock and PBRS awards was \$4.0 million, which Viad expects to recognize in the consolidated financial statements over a weighted-average period of approximately 2.3 years. During 2011, 2010 and 2009, the Company repurchased 28,627 shares for \$679,000, 28,407 shares for \$573,000 and 72,294 shares for \$1.2 million, respectively, related to tax withholding requirements on vested share-based awards.

Liability-Based Awards. The following table summarizes the liability-based award activity:

	Restricted Stock Units Weighted-Average		PBRS Units Weighted-Average		PUP Awards Weighted-Average	
	Units	Grant Date Fair Value	Units	Grant Date Fair Value	Units	Grant Date Fair Value
Balance at January 1, 2009		\$		\$	102,960	\$ 33.81
Granted	13,700	15.36	13,900	15.36		
Balance at December 31, 2009	13,700	15.36	13,900	15.36	102,960	33.81
Granted	12,350	19.20				
Vested			(1,958)	15.36		
Cancelled			(8,028)	15.36		

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Balance at December 31, 2010	26,050	17.18	3,914	15.36	102,960	33.81
Granted	12,550	23.01			95,500	23.02
Vested			(1,958)	15.36		
Cancelled					(102,960)	33.81
Balance at December 31, 2011	38,600	19.07	1,956	15.36	95,500	23.02

As of December 31, 2011 and 2010, Viad had aggregate liabilities recorded of \$475,000 and \$407,000, respectively, related to restricted stock unit and PBRS unit liability awards. A portion of the 2009 PBRS unit awards vested effective December 31, 2009 and cash payouts of \$52,000 and \$37,000 were distributed in January 2011 and March 2010, respectively. During 2010, 8,028 PBRS units were cancelled as the performance conditions related to those units were not achieved.

As of December 31, 2011, Viad had a liability recorded of \$714,000 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 2011. In March 2011, 102,960 PUP awards for the 2008-2010 period were cancelled as the performance conditions related to those awards were not achieved. No PUP awards were granted in 2010 or 2009 and no other PUP awards vested during 2011, 2010 or 2009. Furthermore, there were no other cash settlements of PUP awards or any other share-based compensation awards.

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Table of Contents**VIAD CORP****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Stock Options. The following table summarizes stock option activity:

	Shares	Weighted-Average Exercise Price	Options Exercisable
Options outstanding at January 1, 2009	606,660	\$ 25.86	459,612
Forfeited or expired	(64,942)	26.88	
Options outstanding at December 31, 2009	541,718	25.74	462,683
Granted	280,900	19.20	
Exercised	(22,311)	23.21	
Forfeited or expired	(36,513)	26.34	
Options outstanding at December 31, 2010	763,794	23.38	451,194
Exercised	(14,616)	20.14	
Forfeited or expired	(164,977)	23.88	
Options outstanding at December 31, 2011	584,201	23.32	396,688

As of December 31, 2011, the total unrecognized cost related to non-vested stock option awards was \$667,000. Viad expects to recognize such costs in the consolidated financial statements over a weighted-average period of approximately 1.2 years. No stock options were granted in 2011 or 2009.

The following table summarizes information concerning stock options outstanding and exercisable as of December 31, 2011:

Range of Exercise Prices	Shares	Options Outstanding		Options Exercisable	
		Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
\$18.40 to \$19.20	265,084	8.0 years	\$ 19.20	94,891	\$ 19.19
\$19.57 to \$26.07	134,732	0.9 years	23.41	130,732	23.36
\$26.31 to \$26.37	101,860	0.1 years	26.31	101,860	26.31
\$26.47 to \$38.44	82,525	1.7 years	32.77	69,205	32.31
\$18.40 to \$38.44	584,201	4.1 years	23.32	396,688	24.68

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. As of December 31, 2011, there were 5,889 of such options outstanding and exercisable, both with exercise prices ranging from \$19.57 to \$26.07. The weighted-average remaining contractual life of these options outstanding was less than one year. During 2011, 100 options were exercised by MoneyGram participants at an exercise price of \$19.57.

Stock options granted in 2010 were for a term of ten years and become exercisable one third after one year, another third after two years and the balance after three years from the date of grant. Stock options granted between 2004 and 2008 were for contractual terms of seven years and become exercisable, based on a graded vesting schedule, in annual increments of 20 percent beginning one year after the grant date and become fully exercisable after five years from the date of grant. Stock options granted in 2003 were for a term of ten years and became exercisable one

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third after one year, another third after two years and the balance after three years from the date of grant. Stock options granted in calendar years 2002 and prior were for a contractual term of ten years and were exercisable 50 percent after one year from the date of grant with the balance exercisable after two years from the date of grant.

The fair value of the 2010 stock option grant was estimated on the date of grant using the Black-Scholes option pricing model assuming Viad's expected stock price volatility of 33.2 percent, a five year expected period of time the stock options will remain outstanding, an expected dividend yield on Viad common stock of 0.8 percent and a risk-free interest rate estimate of 2.44 percent. The expected dividend yield was based on Viad's expectation of future dividend payouts. The volatility assumption was based on Viad's daily historical stock price volatility during the time period that corresponds to the expected weighted-average life of the option. The expected life (estimated period of time outstanding) of stock options granted was estimated based on historical exercise activity. The risk-free interest rate assumption was based on the interest rate of a U.S. Treasury strip for a five-year term from the date the option was granted.

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Table of Contents**VIAD CORP****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Additional information pertaining to stock options is provided in the table below:

	\$,000000 2011	\$,000000 2010 (in thousands)	\$,000000 2009
Total intrinsic value of stock options outstanding	\$	\$ 2,341	\$ 76
Total intrinsic value of stock options exercised	\$ 325	\$ 544	\$
Fair value of stock options vested	\$ 682	\$ 404	\$ 645
Cash received from the exercise of stock options	\$ 296	\$ 593	\$
Tax deficiencies realized for tax deductions related to stock option exercises and performance-based awards	\$ 325	\$ 524	\$ 1,251

The aggregate intrinsic value of stock options outstanding in the table above represents the difference between Viad's closing stock price on December 31 of each year and the exercise price, multiplied by the number of in-the-money options. The intrinsic value of stock options outstanding therefore changes based on changes in the fair market value of Viad's common stock.

Note 3. Impairment Losses

During 2010, Viad recorded impairment losses of \$302,000 at the Travel & Recreation Group. Of this amount, \$117,000 related to property and equipment and \$185,000 to other intangible assets.

During 2009, Viad revised downward its forecast for future revenues and earnings in the Marketing & Events Group based on continued declines in trade show marketing spending by its customers and a sharper than expected decline in retail holiday décor demand. As a result, the Company had projected a more prolonged contraction in its trade show and retail marketing revenues than was previously anticipated. Viad recorded aggregate goodwill impairment losses of \$98.3 million related to the Marketing & Events Group, which is included in the consolidated statements of operations under the caption Goodwill impairment losses. The goodwill impairment losses consisted of \$79.7 million related to the Marketing & Events U.S. segment and \$18.6 million related to the Marketing & Events International segment.

As a result of the factors discussed above, Viad also recorded aggregate other intangible asset impairment losses of \$14.0 million during 2009, which are included in the consolidated statements of operations under the caption Intangible asset impairment losses. Of the total amount, \$9.3 million of impairment losses related to intangible assets in the Marketing & Events U.S. segment and \$4.7 million related to the Marketing & Events International segment. The impairment losses also resulted from consolidation and integration activities within the Marketing & Events Group. Viad also recorded impairment losses of \$1.7 million during 2009 related to touring exhibit assets related to the Marketing & Events U.S. segment and a loss of \$2.9 million related to the write-down of a non-strategic real estate asset held in the Travel & Recreation Group. These charges are included in the consolidated statements of operations under the caption Other impairment losses. See Notes 6 and 8.

As of December 31, 2011, Viad had goodwill of \$133.7 million consisting of \$84.9 million related to the Marketing & Events Group and \$48.8 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 \$22.2 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. 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 December 31, 2011, the amount of goodwill assigned to the reporting units in the United Kingdom (Melville) and Canada was \$13.3 million and \$8.9 million, respectively. Also, as of December 31, 2011, the Brewster, Glacier Park and Alaskan Park Properties operating segments (within the Travel & Recreation Group) had goodwill of \$41.2 million, \$4.4 million and \$3.2 million (acquired in September 2011), respectively. Brewster, Glacier Park and Alaskan Park Properties are considered reporting units for goodwill impairment testing purposes.

As a result of the Company's most recent analysis performed in the fourth quarter of 2011, 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 was 89 percent, 43 percent and 30 percent for each of the Marketing & Events Group reporting units in the United States, the United Kingdom (Melville) and Canada, respectively.

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For the Brewster and Glacier Park reporting units, the excess of the estimated fair value over the carrying value was 44 percent and 48 percent, respectively, as of the most recent impairment test. Significant 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 impairment testing, which may result in additional impairment losses.

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Table of Contents**VIAD CORP****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Note 4. Acquisition of Businesses**

On September 16, 2011, Viad acquired the Denali Backcountry Lodge and Denali Cabins for \$15.3 million in cash. Denali Backcountry Lodge is a 42 guest room lodge located within Denali National Park and Preserve in Alaska and Denali Cabins consist of 46 guest cabins near the entrance to Denali National Park and Preserve. Alaskan Park Properties is operated as a separate business unit within the Travel & Recreation Group. The following information represents the amounts assigned to the assets and liabilities of Alaskan Park Properties as of the date of acquisition:

	\$,0000000 (in thousands)
Other current assets	\$ 43
Property and equipment	11,630
Goodwill	3,184
Other intangible assets	626
Total assets acquired	15,483
Customer deposits	(38)
Other current liabilities	(140)
Total liabilities acquired	(178)
Purchase price	\$ 15,305

The Company recorded \$3.2 million of goodwill in connection with the transaction, which is included in the Travel & Recreation Group. The primary factor that contributed to a purchase price resulting in the recognition of goodwill relates to future growth opportunities. The entire amount of the goodwill is expected to be deductible for tax purposes over a period of 15 years. The amount assigned to other intangible assets of \$626,000 relates to customer relationships. Transaction costs related to the acquisition were insignificant. The results of operations of Alaskan Park Properties have been included in Viad's consolidated financial statements from the date of acquisition. There were no revenues related to Alaskan Park Properties included in Viad's consolidated statement of operations for the year ended December 31, 2011 due to the timing of the acquisition. However, a net loss of \$306,000 related to Alaskan Park Properties was included in Viad's 2011 consolidated statement of operations.

On June 29, 2011, Viad acquired St. Mary Lodge & Resort (St. Mary) for \$15.3 million in cash. St. Mary is a 115-room hotel located outside of Glacier National Park's east entrance and is operated by Glacier Park within the Travel & Recreation Group. The following information represents the amounts assigned to the assets and liabilities of St. Mary as of the date of acquisition:

	\$,0000000 (in thousands)
Cash and cash equivalents	\$ 21
Other current assets	701
Property and equipment	12,525
Goodwill	3,130
Other intangible assets	60

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Total assets acquired	16,437
Customer deposits	(684)
Other current liabilities	(46)
Other long-term liabilities	(382)
Total liabilities acquired	(1,112)
Purchase price	\$ 15,325

The Company recorded \$3.1 million of goodwill in connection with the transaction, which is included in the Travel & Recreation Group. The primary factor that contributed to a purchase price resulting in the recognition of goodwill relates to future growth opportunities. The entire amount of the goodwill is expected to be deductible for tax purposes over a period of 15 years. The amount assigned to other intangible assets of \$60,000 relates to a non-amortized business license. Transaction costs related to the acquisition were insignificant. The results of operations of St. Mary have been included in Viad's consolidated financial statements from the date of acquisition. During 2011, revenues of \$5.5 million and net income of \$938,000 related to St. Mary were included in Viad's consolidated statement of operations.

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Table of Contents**VIAD CORP****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

On January 5, 2011, Viad acquired Grouse Mountain Lodge for \$10.5 million in cash. Grouse Mountain Lodge is a 145-room hotel located in Whitefish, Montana, and is operated by Glacier Park within the Travel & Recreation Group. The following information represents the amounts assigned to the assets and liabilities of Grouse Mountain Lodge as of the date of acquisition:

	\$,00000000 (in thousands)
Cash and cash equivalents	\$ 9
Other current assets	126
Property and equipment	8,750
Goodwill	1,331
Other intangible assets	400
 Total assets acquired	 10,616
 Customer deposits	 (99)
Other current liabilities	(12)
 Total liabilities acquired	 (111)
 Purchase price	 \$ 10,505

The Company recorded \$1.3 million of goodwill in connection with the transaction, which is included in the Travel & Recreation Group. The primary factor that contributed to a purchase price resulting in the recognition of goodwill relates to future growth opportunities. The entire amount of the goodwill is expected to be deductible for tax purposes over a period of 15 years. The amount assigned to other intangible assets of \$400,000 relates to a non-amortized business license. Transaction costs 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. During 2011, revenues of \$4.2 million and net income of \$283,000 related to Grouse Mountain Lodge were included in Viad's consolidated statement of operations.

The following table summarizes the unaudited pro forma results of operations attributable to Viad for 2011 and 2010, assuming that the acquisitions of Denali Backcountry Lodge and Denali Cabins, St. Mary and Grouse Mountain Lodge had each been completed at the beginning of each year:

	2011	2010
	(in thousands, except per share data)	
Revenue	\$ 950,273	\$ 861,059
Income from continuing operations	\$ 10,376	\$ 1,688
Net income	\$ 10,827	\$ 1,950
Diluted net income per share	\$ 0.53	\$ 0.10
Basic net income per share	\$ 0.53	\$ 0.10

Note 5. Inventories

The components of inventories as of December 31 were as follows:

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	\$,0000000 2011	\$,0000000 2010
	(in thousands)	
Raw materials	\$ 18,297	\$ 18,488
Work in process	17,528	20,182
Inventories	\$ 35,825	\$ 38,670

Note 6. Property and Equipment

Property and equipment as of December 31 consisted of the following:

	\$,0000000 2011	\$,0000000 2010
	(in thousands)	
Land	\$ 18,134	\$ 9,139
Buildings and leasehold improvements	109,077	89,945
Equipment and other	310,186	299,558
	437,397	398,642
Accumulated depreciation	(263,584)	(249,296)
Property and equipment, net	\$ 173,813	\$ 149,346

Table of Contents**VIAD CORP****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Included in the Equipment and other caption above are capitalized costs incurred in developing or obtaining internal use software. The net carrying amount of capitalized software was \$14.9 million and \$17.5 million as of December 31, 2011 and 2010, respectively.

Depreciation expense was \$28.4 million, \$27.3 million and \$26.5 million for 2011, 2010 and 2009, respectively. As discussed in Note 3 above, Viad recorded an impairment loss of \$117,000 in 2010 related to a tour boat at the Travel & Recreation Group. Viad also recorded impairment losses of \$1.7 million related to certain touring exhibit assets at the Marketing & Events Group in 2009.

During 2009, Viad commenced a plan of sale related to a non-strategic real estate asset held in the Travel & Recreation Group. This asset consisted of land, building and related improvements, which was expected to be sold within one year. Accordingly, the value of this asset was remeasured based on the estimated fair value, less cost to sell. As a result of the remeasurement, the Company recorded a loss of \$2.9 million in 2009, which is included in the consolidated statements of operations under the caption Other impairment losses. Viad completed the sale of this asset in March 2010 for \$14.3 million (net of selling costs).

Note 7. Other Investments and Assets

As of December 31 other investments and assets consisted of the following:

	\$,000000 2011	\$,000000 2010
	(in thousands)	
Cash surrender value of life insurance	\$ 18,812	\$ 18,072
Workers compensation insurance security deposits	4,658	3,906
Other	7,581	9,385
Total other investments and assets	\$ 31,051	\$ 31,363

Note 8. Goodwill and Other Intangible Assets

As discussed in Note 3 above, Viad recorded impairment losses of \$98.3 million related to goodwill during 2009 at the Marketing & Events Group. During 2010, Viad recorded impairment losses of \$185,000 related to other intangible assets at the Travel & Recreation Group. During 2009, Viad recorded impairment losses of \$14.0 million related to other intangible assets at the Marketing & Events Group.

As of December 31, 2011, Viad had cumulative goodwill impairment losses of \$225.2 million since the adoption of the goodwill impairment testing provisions of ASC Topic 350.

The changes in the carrying amount of goodwill were as follows:

	\$,000000	\$,000000	\$,000000	\$,000000
	Marketing & Events U.S.	Marketing & Events International	Travel & Recreation Group	Total
	(in thousands)			
Balance at January 1, 2010	\$ 62,686	\$ 22,472	\$ 39,773	\$ 124,931
Foreign currency translation adjustments		(17)	2,527	2,510

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Balance at December 31, 2010	62,686	22,455	42,300	127,441
Business acquisitions			7,645	7,645
Foreign currency translation adjustmen				