

VIAD CORP
Form DEF 14A
April 05, 2006
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

VIAD CORP

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- No fee required.
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 - (1) Title of each class of securities to which transaction applies:
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 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
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Viad Corp
1850 North Central Avenue, Suite 800
Phoenix, Arizona 85004-4545

April 5, 2006

Dear Viad Corp Fellow Shareholder:

Our 2006 Annual Meeting of Shareholders will be held on Tuesday, May 16, at 9:00 a.m., in the Ballroom of The Ritz-Carlton Phoenix, 2401 East Camelback Road, Phoenix, Arizona. The meeting will begin promptly at 9:00 a.m., so please plan to arrive early.

The formal notice of the meeting is on the next page. No admission tickets or other credentials will be required for attendance at the meeting. You may use the hotel's free valet parking.

Directors and officers will be available at the meeting to speak with you. There will be an opportunity during the meeting for your questions regarding the affairs of the Corporation and for a discussion of the business to be considered at the meeting as explained in the notice and proxy statement.

Your vote is important. Whether you plan to attend or not, please sign, date, and return the enclosed proxy card in the envelope provided, or you may vote your shares by the internet or telephone as described on your proxy card. If you plan to attend the meeting, you may vote in person.

Sincerely,

Robert H. Bohannon
Chairman of the Board

Paul B. Dykstra
President and Chief Executive Officer

Viad Corp
1850 North Central Avenue, Suite 800
Phoenix, Arizona 85004-4545

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

April 5, 2006

To Viad Corp Shareholders:

We will hold the Annual Meeting of Shareholders of Viad Corp, a Delaware corporation, in the Ballroom of The Ritz-Carlton Phoenix, 2401 East Camelback Road, Phoenix, Arizona, on Tuesday, May 16, 2006, at 9:00 a.m., Mountain Standard Time. The purpose of the meeting is to:

1. Elect three directors to Viad's Board of Directors, each for a three-year term;
2. Ratify the appointment of Deloitte & Touche LLP as our independent registered public accountants (also referred to as independent auditors) for 2006; and
3. Consider any other matters which may properly come before the meeting and any adjournments.

The foregoing items of business are more fully described in the proxy statement accompanying this notice. Only shareholders of record of common stock at the close of business March 23, 2006, are entitled to receive this notice and to vote at the meeting. A list of shareholders entitled to vote will be available at the meeting for examination by any shareholder for any proper purpose. The list will also be available on the same basis for ten days prior to the meeting at Viad's principal executive offices at the address listed above.

Our 2005 Annual Report, including financial statements, is included with your proxy materials.

To assure your representation at the meeting, please vote your shares by telephone, the internet or by signing, dating and returning the enclosed proxy card at your earliest convenience. The internet and automated telephone voting features are described on the proxy card. We have enclosed a return envelope, which requires no postage if mailed in the United States, if you choose to mail your proxy. Your proxy is being solicited by the Board of Directors.

By Order of the Board of Directors

SCOTT E. SAYRE
Vice President-General Counsel and Secretary

PLEASE VOTE YOUR VOTE IS IMPORTANT

VIAD CORP

1850 North Central Avenue, Suite 800
Phoenix, Arizona 85004-4545

ANNUAL MEETING OF SHAREHOLDERS PROXY STATEMENT

Annual Meeting	Tuesday, May 16, 2006 9:00 a.m., Mountain Standard Time	The Ritz-Carlton Phoenix 2401 East Camelback Road, Ballroom Phoenix, Arizona
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Agenda

1. Elect three directors.
2. Ratify the appointment of Deloitte & Touche LLP as our independent registered public accountants (also referred to as independent auditors) for 2006.
3. Any other proper business.

Proxies Solicited By The Board of Directors of Viad Corp.

First Mailing Date We anticipate mailing the proxy statement on April 5, 2006.

Record Date March 23, 2006. On the record date, we had 22,186,395 shares of our common stock outstanding.

Voting If you were a holder of common stock on the record date, you may vote at the meeting. Each share held by you is entitled to one vote. You can vote in person at the meeting, or by internet or automated telephone voting, or by proxy.

Proxies We will vote signed returned proxies FOR the Board's director nominees and FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accountants for 2006, unless you vote differently on the proxy card. The proxy holders will use their discretion on other matters. If a nominee cannot or will not serve as a director, proxy holders will vote for a person whom they believe will carry on our present policies.

Revoking Your Proxy You may revoke your proxy before it is voted at the meeting. To revoke your proxy, follow the procedures listed under Voting Procedures/Revoking Your Proxy.

Your Comments Your comments about any aspects of our business are welcome. Although we may not respond on an individual basis, your comments receive consideration and help us measure your satisfaction.

Prompt return of your proxy will help reduce the costs of resolicitation.

PROPOSAL 1: ELECTION OF DIRECTORS

Board Structure

The Board of Directors of Viad consists of nine persons divided into three classes or groups. The term of one class of directors expires at each annual meeting, and persons are elected to that class for a term of three years. Three directors are to be elected at this year's annual meeting.

Director Nominees

The Board of Directors has nominated Daniel Boggan Jr., Robert H. Bohannon and Robert E. Munzenrider for election at the annual meeting. These nominees are currently members of the Board of Directors and, if elected, have agreed to serve another term, which will expire in 2009. Information about the director nominees is presented below.

Daniel Boggan Jr.	Retired consultant to Seibert Brandford Shank & Co., L.L.C., a municipal finance firm which provides investment banking, sales and trading, and financial advisory services, since 2003. Mr. Boggan served as Senior Vice President of the National Collegiate Athletic Association, a voluntary organization which governs college and university athletic programs, from 1996 through his retirement in August 2003. He is the Chair of two national not-for-profit organizations, the National Writing Project and National Youth Sports Corporation. Mr. Boggan is also a trustee of The California Endowment, Albion College and Alliant International University, and a director of Payless ShoeSource, Inc. and The Clorox Company. Age 59. Director since February 2005.
Robert H. Bohannon	Chairman of the Board of Viad Corp effective April 1, 2006, and Chairman, President and Chief Executive Officer since 1997, and President and Chief Operating Officer from 1996. Prior thereto he was President and Chief Operating Officer of Travelers Express Company, Inc., a former subsidiary of Viad, from 1993. Mr. Bohannon is also a director of MoneyGram International, Inc. Age 61. Director since 1996.
Robert E. Munzenrider	Retired President of Harmon AutoGlass, a subsidiary of Apogee Enterprises, Inc., a national chain of retail automotive services and insurance claim processor, a position he held from 2000 to 2002. In 1999, Mr. Munzenrider served as Vice President and Chief Financial Officer of the Glass Services Segment of Apogee Enterprises. He also served during part of 1999 as Executive Vice President and Chief Financial Officer of Eliance Corp., an e-commerce transaction processor. From 1997 to 1998, Mr. Munzenrider served as Vice President and Chief Financial Officer of St. Jude Medical, Inc., an international medical device manufacturing and marketing company. Mr. Munzenrider is also a director of CABG Medical, Inc. and ATS Medical, Inc. Age 61. Director since July 2004.

*The Board of Directors recommends that you vote **FOR** these director nominees.*

Directors Continuing in Office

Information about the six directors continuing in office until expiration of their designated terms is presented below.

For Terms Expiring at the 2007 Annual Meeting:

- Isabella Cunningham Ernest A. Sharpe Centennial Professor in Communication at The University of Texas at Austin, 1983 to present. Dr. Cunningham is the Chair of the Department of Advertising at The University of Texas at Austin since 2001 and a Professor of Advertising with the University since 1981. She also serves or is a member of many university and community organizations. Age 63. Director since December 2005.
- Jess Hay Chairman of the Texas Foundation for Higher Education, a non-profit organization dedicated to promoting higher education in the State of Texas, a position that he has held since 1987. Mr. Hay was formerly the Chairman and Chief Executive Officer of Lomas Financial Group, a financial services business that provided retail and mortgage banking, real estate development, commercial loans and credit card services, from which he retired in December 1994. He is also a director of MoneyGram International, Inc. and Trinity Industries, Inc. He retired as a director of Exxon Mobil Corporation in 2001 and of SBC Communications Inc. in 2004. Age 75. Director since 1981.
- Albert M. Teplin Economist and since 2003 has served as a consultant to the Board of Governors of the Federal Reserve System, European Central Bank, the U.S. Department of Commerce and the International Monetary Fund. Dr. Teplin served as Senior Economist for the Board of Governors of the Federal Reserve System from 2001 to October 2003 and was Chief, Flow of Funds Section of the Board of Governors of the Federal Reserve System from 1989 to 2001. He is also a director of MoneyGram International, Inc. Age 60. Director since February 2003.

For Terms Expiring at the 2008 Annual Meeting:

- Wayne G. Allcott Vice President-Arizona of U S West Corporation from 1995 to 2000 when he retired in connection with the merger of U S West (a former local and long distance telecommunications and high-speed data transmission services company) with Qwest Corporation, which provides similar services. Mr. Allcott was appointed in 2000 by the Governor of Arizona to head the Governor's Council on Workforce Development Policy for a two-year term. He is currently active with various non-profit organizations in Arizona and is a director of Mountain Telecommunication, Inc., a telecommunication carrier serving business, government and educational organizations throughout the State of Arizona. Age 63. Director since July 2004.
- Paul B. Dykstra President and Chief Executive Officer of Viad Corp effective April 1, 2006, and prior thereto, Chief Operating Officer since January 1, 2006. He was President and Chief Executive Officer of GES Exposition Services, Inc., a subsidiary of Viad, since 2000; prior thereto, Executive Vice President-International and Corporate Development 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. Age 44. Director since January 2006.

Judith K. Hofer Retired President and Chief Executive Officer of May Merchandising/MDSI, a May Department Stores Company, from 2000 to 2002, and thereafter a consultant to the May Department Stores Company from 2002 to 2005. Prior thereto, Ms. Hofer served as President and Chief Executive Officer of Filene's, a division of The May Department Stores Company, from 1996 to 2000. She is also a director of MoneyGram International, Inc. and Payless ShoeSource, Inc. Age 66. Director since 1984.

THE BOARD OF DIRECTORS AND ITS COMMITTEES

In accordance with applicable law and the Bylaws of Viad, the business and affairs of Viad are managed under the direction of our Board of Directors. The system of governance practices followed by Viad is set forth in the Corporate Governance Guidelines and the charters of the committees of the Board of Directors. The Corporate Governance Guidelines set forth the practices the Board will follow with respect to the duties of the Board, its operations and committee matters, director qualifications and selection process, director compensation, director independence, director orientation and continuing education, chief executive officer evaluation, management succession, and annual Board evaluation.

The Corporate Governance Guidelines and committee charters, as well as the Code of Ethics applicable to Viad's directors, officers and employees, may be viewed on Viad's website at www.viad.com/governance.htm, and are available in print upon request to the Corporate Secretary of Viad at the address listed on page 1. The charter of the Audit Committee is attached to this proxy statement at Annex A. The Corporate Governance Guidelines and committee charters are reviewed periodically to ensure the effective and efficient governance of Viad and to timely comply with all laws and the listing standards of the New York Stock Exchange (NYSE) that are applicable to corporate governance.

Board Committees and Director Independence

The Board maintains three standing committees to assist in fulfilling its responsibilities: Audit Committee, Corporate Governance and Nominating Committee, and Human Resources Committee. Each committee meets periodically during the year, reports regularly to the full Board and annually evaluates its performance. The table below provides current membership and meeting information for each committee. In addition, the table identifies the independent directors, as determined by the Board in February 2006, within the meaning of the NYSE listing standards, applicable Securities and Exchange Commission (SEC) regulations and Viad's Corporate Governance Guidelines. The Corporate Governance Guidelines include categorical standards for independence that meet or exceed the NYSE listing standards. The director independence section of the Corporate Governance Guidelines is attached to this proxy statement as Annex B.

Name	Audit	Corporate Governance and Nominating	Human Resources	Independent Director
Mr. Allcott		Member		yes
Mr. Boggan			Member	yes
Mr. Bohannon				no
Dr. Cunningham		Member		yes
Mr. Dykstra				no
Mr. Hay	Member		Chair	yes
Ms. Hofer	Member	Chair	Member	yes
Mr. Munzenrider	Member	Member		yes
Dr. Teplin	Chair		Member	yes
Total meetings in 2005	12	4	6	

The particular areas of responsibility of each Board committee and other related information are described below. Each committee may form and delegate authority to a subcommittee of one or more members of the committee.

Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee is responsible for proposing a slate of directors for election by the shareholders at each annual meeting and for proposing candidates to fill any vacancies on the Board. The Committee also is responsible for an assessment of the Board's performance to be discussed with the full Board annually, and for review of, and from time to time for proposal of changes to, Viad's Corporate Governance Guidelines and the compensation and benefits of non-employee directors. In connection with these responsibilities, the Committee has sole authority to retain and terminate any search firm or compensation consultant to identify director candidates or to assist in the evaluation of director compensation.

Audit Committee. The Audit Committee appoints our independent registered public accountants and assists the Board in monitoring the quality and integrity of the financial statements of Viad, the compliance by Viad with legal and regulatory requirements, and the independence and performance of Viad's internal auditors and external independent registered public accountants. The Committee conducts regularly scheduled executive sessions with Viad's management and with Viad's independent registered public accountants. The Committee has sole authority to appoint or replace Viad's independent registered public accountants. The independent registered public accountants report directly to the Committee.

The Board has determined that all members of the Audit Committee are financially literate, as defined by the NYSE listing standards, and that Mr. Munzenrider qualifies as an audit committee financial expert, as defined by SEC regulations.

Human Resources Committee. The Human Resources Committee oversees development and implementation of a compensation strategy designed to enhance profitability and shareholder value. The Committee also reviews and approves, subject to ratification by independent members of the Board, the salary and equity and incentive compensation of the Chief Executive Officer, approves salaries and compensation of executive officers, and approves incentive compensation targets and awards under various compensation plans and programs of Viad. The Committee has sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of Chief Executive Officer or senior executive compensation.

Board Meetings and Annual Shareholder Meeting

Under Viad's Corporate Governance Guidelines, each director is expected to attend the annual meeting of shareholders, Board meetings and meetings of committees on which they serve. The Board of Directors held four regular and four special meetings during 2005. Each director attended at least 88% of his or her Board and committee meetings in 2005. All directors were in attendance at the 2005 annual meeting of shareholders, except Dr. Cunningham, who joined the Board in December 2005. Mr. Dykstra, who joined the Board in January 2006, was in attendance at the 2005 annual meeting in his capacity at the time as President and Chief Executive Officer of GES Exposition Services, Inc., a wholly owned subsidiary of Viad.

Meetings of Non-Management Directors and Presiding Director

The Board held four executive sessions of the independent, non-management directors in 2005 and regular executive sessions of the non-management directors have been scheduled for 2006. Mr. Hay was designated by the Board as the Presiding Director of Viad to serve for the period beginning May 17, 2005, and ending December 31, 2006, or at such other time as his successor is chosen by action of the non-management directors of Viad.

Director Nominations

As provided in its charter, the Corporate Governance and Nominating Committee has established procedures for consideration of candidates for Board membership suggested by its members and other sources, including shareholders. The Committee has authority under its charter to employ a third party search firm to assist it in identifying candidates for director. A shareholder who wishes to recommend a prospective nominee for the Board should notify Viad's Corporate Secretary in writing at the address first listed on page 1 of this proxy statement. Any such recommendation should include:

- the name and address of the candidate;
- a brief biographical description, including his or her occupation for at least the last five years, and a statement of the qualifications of the candidate, taking into account the qualification requirements set forth below; and
- the candidate's signed consent to serve as a director if elected and to be named in the proxy statement.

The Committee will review the qualifications of any person properly nominated by a shareholder in accordance with Viad's Bylaws relating to shareholder proposals as described in Submission of Shareholder Proposals, Director Nominations and Other Information on page 27 below.

When the Committee reviews a potential nominee, the Committee looks specifically at the candidate's qualifications in light of the needs of the Board and Viad at that time given the then current mix of director attributes. The Committee, in accordance with Viad's Corporate Governance Guidelines, assesses director nominees based on their qualification as independent, as well as consideration of diversity, skills, and experience in the context of the current needs of the Board. In addition, director nominees should have high personal and professional ethics, integrity and values and be committed to representing the long-term interests of shareholders. The Committee also ensures that the members of the Board, as a group, maintain the requisite qualifications under the listing standards of the New York Stock Exchange for populating the Audit, Human Resources and Corporate Governance and Nominating Committees.

Viad will deliver a questionnaire to a director candidate properly nominated by a shareholder addressing the candidate's independence, qualifications and other information that would assist the Corporate Governance and Nominating Committee in evaluating the candidate, as well as certain information that must be disclosed about the candidate in Viad's proxy statement, if nominated by the Committee.

Communication with Non-Management Directors and the Board of Directors

Interested parties may communicate directly with non-management directors and/or with the Board by writing to the following address: Viad Corp, 1850 North Central Avenue, Suite 800, Phoenix, Arizona 85004-4545, Attention: Corporate Secretary. All communications will be delivered to the non-management directors or the Board, as the case may be, no later than the Board's next regularly scheduled meeting.

Compensation of Directors

Directors who are also officers or employees of Viad (only Messrs. Bohannon and Dykstra) do not receive any special or additional remuneration for service on the Board or any of its committees. Each non-employee director receives compensation for service on the Board and any of its committees as provided below.

Retainers and Fees. Non-employee directors receive an annual retainer of \$30,000. Committee chairmen receive an additional annual retainer of \$5,000, except for the Audit Committee Chairman

who receives an additional annual retainer of \$10,000. Non-employee directors also receive a fee of \$1,600 for each Board meeting attended and a fee of \$1,500 for each committee meeting attended. Directors will be reimbursed for all expenses related to their service as directors.

Deferred Compensation Plan. Viad no longer has a deferred compensation plan for directors. In connection with the spin-off of MoneyGram (discussed below), all liabilities under the Deferred Compensation Plan for directors were transferred to MoneyGram. Deferred accounts under such plan can no longer receive additional contributions, but are credited by MoneyGram quarterly with dividend equivalents in the case of stock unit accounts and interest at a long-term medium-quality bond rate in the case of cash accounts. Deferred amounts in the accounts are payable after a director ceases to be a member of Viad's Board.

Option and Restricted Stock Grants. Non-employee directors received a grant in February 2005 of 1,000 shares of restricted stock and an option to purchase 2,500 shares of Viad common stock at an exercise price of \$26.47, the average of the high and low selling prices on the day of grant. Non-employee directors who took office subsequent to February 2005 received an initial grant of an option to purchase 2,500 shares of Viad common stock and a pro rata grant of 2,500 options based on the date of election and the next regularly scheduled February grant of options. Restricted stock will vest three years from the date of grant, with pro rata vesting of shares upon expiration of the three-year period if a director leaves the Board prior to the end of such period, provided that full vesting will occur upon lapse of such period if the director has met certain age and holding period requirements, or, at the discretion of the Human Resources Committee, in the event services are terminated due to unforeseen hardship or circumstances beyond the control of the director and such termination of services is at least six months after the date of grant. Full vesting would also occur upon expiration of the three-year period if a director has terminated service due to unforeseen hardship or circumstances beyond the director's control. Stock options granted in 2005 were for a term of seven years and become exercisable in annual increments of twenty percent beginning one year after the grant date and fully exercisable after five years from the grant date. In February 2006, the equity compensation package for non-employee directors was modified to consist entirely of 2,000 shares of restricted stock (versus a combination of restricted stock and options). Non-employee directors who take office after the restricted stock grant in February of each year will receive a pro rata grant of restricted stock based on the date of election and the next regularly scheduled February grant of restricted stock.

Matching Gift Program. Non-employee directors may participate in the Directors' Matching Gift Program. The program provides for corporate matching of charitable contributions made by non-employee directors, on a dollar-for-dollar basis, up to an aggregate maximum of \$5,000 per year to qualified non-profit organizations having tax exempt status under Section 501(c)(3) of the Internal Revenue Code.

Other Benefits. We provide non-employee directors with accidental death and dismemberment insurance benefits of \$300,000 and travel accident insurance benefits of \$300,000 when they are traveling on corporate business.

Corporate Governance and Nominating and Human Resources Committees Interlocks and Insider Participation

Viad is not aware of any interlocking relationships between any member of Viad's Human Resources Committee or Corporate Governance and Nominating Committee and any of Viad's executive officers that would require disclosure under the applicable rules promulgated under the U.S. federal securities laws.

SPIN-OFF OF MONEYGRAM INTERNATIONAL, INC.

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The beneficial ownership, executive compensation and stock performance information presented in this proxy statement reflects the effects of the one-for-four reverse stock split that occurred, and the

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MoneyGram stock dividend (where indicated) that was distributed, in connection with the tax-free spin-off of Viad's previously owned subsidiary, MoneyGram International, Inc. (MoneyGram) on June 30, 2004.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT OF VIAD

Ownership Guidelines for Directors and Officers

We believe it is important to align the financial interests of our directors and officers with those of our shareholders. Guidelines have been adopted which specify the minimum amount of stock that directors and officers are expected to own on a direct basis, meaning stock or stock units which are subject to market risk, not simply held under option. Stock units are subject to market risk in the same manner as common stock because they have a value equal to the market price of our common stock. The guidelines call for each officer to own stock or stock units which have a value within a range of one and one-half to five times that individual's annual salary, depending on salary level. The guidelines also call for each non-employee director to own stock which has a value equal to five times the annual retainer payable to a director. Longer tenured directors have met their goals and the remainder are working toward meeting their goals. The majority of our executive officers have met or exceeded their goals, and the remainder are making significant annual progress.

Security Ownership of Management

The first table below provides information concerning the beneficial ownership of our common stock by directors and executive officers of Viad, individually and as a group. The second table provides more detailed information concerning director ownership of Viad common stock, options to purchase common stock and stock units. Information in the ownership tables is as of March 23, 2006.

Name	Amount and Nature of Beneficial Ownership ¹	Percent of Class
Executive Officers		
Robert H. Bohannon	475,833	2.1 %
Paul B. Dykstra	91,667	*
Kimbra A. Fracalossi	88,844	*
Ellen M. Ingersoll	53,057	*
G. Michael Latta	11,346	*
David G. Morrison	32,523	*
Suzanne Pearl	47,317	*
Kevin M. Rabbitt	17,353	*
Scott E. Sayre	60,292	*
Independent Directors		
Wayne G. Allcott	7,528	*
Daniel Boggan Jr.	4,500	*
Isabella Cunningham	2,000	*
Jess Hay	18,383	*
Judith K. Hofer	29,161	*
Robert E. Munzenrider	5,028	*
Albert M. Teplin	7,125	*
All Directors and Executive Officers as a Group (16 persons total)	951,957	4.2 %

* Less than one percent.

¹ Includes: 120,289 shares of performance-based restricted stock granted in 2004 through 2006; 203,375 shares of restricted stock which will vest in three years from the date of grant; and 448,026 shares of common stock subject to stock options which were exercisable as of March 23, 2006, or within 60 days thereafter, by the directors and executive officers listed above. Performance-based restricted stock granted

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in 2004 vested one-third in 2005, one-third in 2006, and the balance will vest on January 1, 2007 because specific performance targets were achieved (at target levels for executives other than an executive who earned only a portion of the award based on achievement of performance goals at less than target levels). One-third of the performance-based restricted stock granted in 2005 vested in 2006 because specific performance targets were achieved (at target levels for executives other than an executive who earned only a portion of the award based on achievement of performance goals at less than target levels). The payout of the remaining 2005 performance-based restricted stock will occur in one-third increments each year over the next two years on January 1.

Name	Year First Elected	Beneficial Ownership ¹	Unexercisable Options	Stock Units ²	Total
Wayne G. Allcott	2004	7,528	8,112		15,640
Daniel Boggan Jr.	2005	4,500	4,000		8,500
Robert H. Bohannon	1996	475,833	12,000		487,833
Isabella Cunningham	2005	2,000	3,125		5,125
Paul B. Dykstra	2006	91,667	3,285		94,952
Jess Hay	1981	18,383	2,750	14,968	36,101
Judith K. Hofer	1984	29,161	2,750	14,558	46,469
Robert E. Munzenrider	2004	5,028	8,112		13,140
Albert M. Teplin	2003	7,125	2,750	403	10,278
Totals		641,225	46,884	29,929	718,038

¹ Beneficial ownership includes common stock owned plus common stock that a director can acquire at March 23, 2006, or within 60 calendar days thereafter, through the exercise of stock options. Ownership of common stock, excluding exercisable options, is as follows: Mr. Allcott, 5,500; Mr. Boggan, 3,500; Mr. Bohannon, 241,162 (including 57,850 shares of performance-based restricted stock and 97,500 shares of restricted stock); Dr. Cunningham, 2,000; Mr. Dykstra, 58,479 (including 13,797 shares of performance-based restricted stock and 23,200 shares of restricted stock); Mr. Hay, 6,558; Ms. Hofer, 17,336; Mr. Munzenrider, 3,000; and Dr. Teplin, 3,625.

² The term Stock Units represents stock units held under the Deferred Compensation Plan for directors which were transferred to MoneyGram at the time of the spin-off of MoneyGram. Stock units are subject to market risk in the same manner as common stock because they have a value equal to the market price of Viad common stock. Viad does not currently provide a deferred compensation plan for directors or executive officers.

Security Ownership of Certain Beneficial Owners

The table below provides certain information regarding those persons known by Viad to be the beneficial owners of more than 5% of Viad's outstanding common stock.

Name and Address	Amount and Nature of Beneficial Ownership	Percent of Class
Pzena Investment Management, LLC 120 West 45th Street, 34th Floor, New York, NY 10036	2,464,0861	11.0 %
Marathon Asset Management LLP 5 Upper St. Martins Lane, London, UK WC2H 9EA	2,346,0002	10.5 %
T. Rowe Price Associates, Inc. 100 East Pratt Street, Baltimore, MD 21202	1,612,7523	7.1 %
T. Rowe Price Mid-Cap Growth Fund, Inc. 100 East Pratt Street, Baltimore, MD 21202	1,250,0003	5.5 %
Viad Corp Employees Stock Ownership Plan and Trust (ESOP) 1850 North Central Avenue, Suite 800, Phoenix, AZ 85004-4545	1,168,4234	5.2 %

¹ Pzena Investment Management, LLC filed on February 14, 2006 with the SEC a statement on Schedule 13G/A reporting that it has sole dispositive power (directly or indirectly) over all the shares, and has sole voting power over 2,168,707 of these shares.

2 Marathon Asset Management LLP filed on January 26, 2006 with the SEC a statement on Schedule 13G reporting that it has shared power to vote or to direct the voting of 1,685,600 shares, and shared dispositive power over all of the shares.

3 T. Rowe Price Associates, Inc. (T. Rowe Price) and T. Rowe Price Mid-Cap Growth Fund, Inc. (the Fund) filed on February 15, 2006 with the SEC a joint statement on Schedule 13G/A. T. Rowe Price requested that the following statement be made in this proxy statement concerning the Schedule 13G/A: These securities are owned by various individuals and institutional investors, including the Fund (which owns 1,250,000 shares, representing 5.5% of the shares outstanding), which T. Rowe Price serves as investment advisor with power to direct investments and/or sole power to vote the securities. For purposes of the reporting requirements of the Securities Exchange Act of 1934, T. Rowe Price is deemed to be a beneficial owner of such securities; however, T. Rowe Price expressly disclaims that it is, in fact, the beneficial owner of such securities. T. Rowe Price has, per Schedule 13G/A, sole dispositive power (directly or indirectly) over all the shares, and has sole voting power over 244,425 of such shares and no shared voting power, and T. Rowe Price Mid-Cap Growth Fund, Inc. has sole dispositive power (directly or indirectly) over none of the shares, and has sole voting power over all of the shares.

4 Viad Corp Employees Stock Ownership Plan and Trust (ESOP) filed on February 14, 2006 with the SEC a statement on Schedule 13G reporting that it (directly or indirectly) has sole dispositive power and sole voting power over all the shares.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires Viad's executive officers, directors, and beneficial owners of more than 10% of Viad's common stock, to file initial reports of ownership and reports of changes in ownership of Viad's common stock with the SEC and the New York Stock Exchange. Such executive officers, directors and beneficial owners are required by U.S. federal securities regulations to furnish Viad with copies of all Section 16(a) forms they file. As a matter of practice, Viad's administrative staff assists its executive officers and directors in preparing initial reports of ownership and reports of changes in ownership, and files such reports on their behalf with the SEC and the New York Stock Exchange. Based solely on a review of the copies of such forms furnished to Viad and written representations from its executive officers and directors, Viad believes that all executive officers, directors and beneficial owners complied with the Section 16(a) reporting requirements in 2005.

Certain Relationships and Related Transactions

Four members of the Viad Board are members of the Board of Directors of MoneyGram, and the Chairman of Viad is also the Chairman of MoneyGram. Prior to the spin-off of MoneyGram on June 30, 2004, there were transactions in the ordinary course between Viad and Travelers Express Company, Inc., a subsidiary of MoneyGram, as well as transactions pursuant to the Separation and Distribution, Employee Benefits, Tax Sharing and Interim Services Agreements (Spin-off Agreements) that were executed by the companies in connection with the spin-off of MoneyGram. Following the spin-off, transactions occurred in 2004 and 2005 and will continue in 2006 between Viad and MoneyGram as provided in the Spin-off Agreements. In January 2005, the companies entered into an agreement whereby Viad sold a 50% interest in its corporate aircraft to MoneyGram, and in January 2006 Viad sold its remaining 50% interest in the corporate aircraft to MoneyGram.

The Audit Committee Report, Human Resources Committee Report and Shareholder Return Performance Graph contained in this proxy statement will not be incorporated by reference into any present or future filings we make with the Securities and Exchange Commission, even if those reports incorporate all or any part of this proxy statement.

AUDIT COMMITTEE REPORT

The Committee

The Audit Committee of the Board is comprised solely of independent directors and was appointed by the Board to assist the Board in monitoring (1) the integrity of the financial statements of Viad, (2) the independent auditors' qualifications and independence, (3) the performance of Viad's internal audit function and independent auditors, and (4) the compliance by Viad with legal and regulatory requirements.

Meetings and Responsibilities

The Committee met twelve times in 2005. Committee members are also available to consult with management and with the Corporation's independent auditors throughout the year. The Committee regularly meets in general and private sessions with management of Viad and with Viad's internal auditors and external independent auditors. The Committee receives and discusses their reports and encourages open and detailed discussion of all matters related to responsibilities of the Committee.

Financial Statements Recommendation

The Committee recommended that the audited financial statements of Viad for 2005 be included in Viad's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 1, 2006. A copy of that report is included with your proxy materials. In connection with its recommendation, the Committee did the following:

- Reviewed and discussed the audited financial statements of Viad with management;
- Discussed with the independent auditors of Viad matters required to be discussed by generally accepted auditing standards, including standards set forth in Statement on Auditing Standards No. 61. That statement requires that the independent auditors communicate to the Committee matters related to the conduct of the audit such as the quality of earnings; estimates, reserves and accruals; suitability of accounting principles; highly judgmental areas; and audit adjustments whether or not recorded; and
- Received written disclosures from the independent auditors regarding their independence as required by Independence Standards Board Standard No. 1, and discussed with the independent auditors the independent auditors independence.

It is not the duty of the Committee to plan or conduct audits or to determine that Viad's financial statements are complete or accurate and in accordance with generally accepted accounting principles. Those are the responsibilities of management and Viad's independent auditors. In giving its recommendation to the Board of Directors that the audited financial statements of Viad for 2005 be included in Viad's annual report, the Committee relied on management's representations and the report of Viad's independent auditors with respect to the financial statements. A report of Viad's management concerning management's responsibility for financial reporting, and the report and opinion of Deloitte & Touche LLP, Viad's independent auditors, are included in Viad's Annual Report on Form 10-K and should be read in conjunction with the audited financial statements of Viad.

Disclosure Controls and Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)), evaluating the effectiveness of disclosure controls and procedures and internal control over financial reporting, and evaluating any change in internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting. Deloitte & Touche LLP is responsible for expressing an opinion on (1) management's assessment of the effectiveness of internal control over financial reporting and (2) the effectiveness of internal control over financial reporting.

During 2005 and through the filing of Viad's 2005 Annual Report on Form 10-K, management completed the documentation, testing and evaluation of Viad's system of internal control over financial reporting in response to the requirements set forth in Section 404 of the Sarbanes-Oxley Act of 2002 and related regulations. The Committee was kept apprised of the progress of the evaluation during the process. The Committee received periodic updates provided by management and Deloitte & Touche LLP at Committee meetings. The Committee has discussed with Deloitte & Touche LLP the matters required under Auditing Standard No. 2 of the Public Company Accounting Oversight Board (PCAOB). That standard requires Viad's independent auditors to report on their audit of Viad's internal control over financial reporting performed in conjunction with their audit of Viad's consolidated financial statements. At the conclusion of the process, management provided the Committee with, and the Committee reviewed, a report on the effectiveness of Viad's internal control over financial reporting. The Committee also reviewed the report of Deloitte & Touche LLP relating to its audit of (1) management's assessment of the effectiveness of internal control over financial reporting and (2) the effectiveness of internal control over financial reporting.

AUDIT COMMITTEE
Albert M. Teplin, Chairman
Jess Hay
Judith K. Hofer
Robert E. Munzenrider

SHAREHOLDER RETURN PERFORMANCE GRAPH

Set forth below is a line graph comparing, for the five-year period ended December 31, 2005, 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 Diversified Commercial and Professional Services 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, 2000 in Viad common stock, Standard & Poor's SmallCap Diversified Commercial and Professional Services Index, Standard & Poor's SmallCap 600 Index, Russell 2000 Index and Standard & Poor's 500 Index with reinvestment of all dividends, including Viad's distribution to shareholders of MoneyGram common stock on June 30, 2004 as part of the spin-off of MoneyGram. For purposes of this graph, the MoneyGram distribution was treated as a non-taxable cash dividend that was converted into additional Viad shares at the close of business on July 1, 2004. To calculate the cumulative total shareholder return and provide comparability over all five years shown on the graph below, the number of shares of Viad common stock outstanding and per share data for all years reported in the graph below have been adjusted to reflect the one-for-four reverse stock split effective on July 1, 2004, which occurred immediately after the MoneyGram spin-off.

Comparison of Five-Year Cumulative Total Return

(Includes cash value of June 30, 2004 MoneyGram spin-off dividend and reflects July 1, 2004 one-for-four reverse stock split)

Dec. 00 Dec. 01 Dec. 02 Dec. 03 Dec. 04 Dec. 05