

MONEYGRAM INTERNATIONAL INC
Form PRE 14A
March 12, 2009

**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

MONEYGRAM INTERNATIONAL, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

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):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

MoneyGram Tower
1550 Utica Avenue South
Minneapolis, Minnesota 55416

March 30, 2009

Dear MoneyGram Stockholder:

You are invited to attend our 2009 Annual Meeting of Stockholders, which will be held at 8:30 a.m. Central Time on Tuesday, May 12, 2009 in Ballroom IV of the Graves 601 Hotel, located at 601 First Avenue North, Minneapolis, Minnesota.

Details of the business to be conducted at the meeting are described in the attached Notice of Annual Meeting of Stockholders and the attached proxy statement.

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 MoneyGram and for a discussion of the business to be considered at the meeting as explained in the Notice and proxy statement.

Whether or not you plan to attend the meeting, please vote your shares as instructed in the Notice of Internet Availability of Proxy Materials, over the Internet or by telephone after your receipt of hard copies of the proxy materials, as promptly as possible. You may also request a paper proxy card, which will include a reply envelope, to submit your vote by mail, as described in the Notice of Internet Availability of Proxy Materials. If you plan to attend the meeting, you may vote in person.

We look forward to seeing you at the meeting.

Sincerely,

/s/ Pamela H. Patsley
Pamela H. Patsley
Chairman of the Board

/s/ Anthony P. Ryan
Anthony P. Ryan
President and Chief Executive Officer

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

March 30, 2009

The Annual Meeting of Stockholders of MoneyGram International, Inc. will be held at 8:30 a.m. Central Time on Tuesday, May 12, 2009 in Ballroom IV of the Graves 601 Hotel, located at 601 First Avenue North, Minneapolis, Minnesota for the following purposes:

1. To amend our Amended and Restated Certificate of Incorporation to increase authorized shares of common stock;
2. To amend our Amended and Restated Certificate of Incorporation to effect a reverse stock split at the discretion of our Board of Directors;
3. To amend our Amended and Restated Certificate of Incorporation to provide for proportional voting of directors;
4. To amend our Amended and Restated Certificate of Incorporation to declassify our Board of Directors and to provide for one-year terms of office for all directors;
5. To make certain amendments to the MoneyGram International, Inc. 2005 Omnibus Incentive Plan;
6. To elect six directors, three of whom to serve two-year terms and three of whom to serve three-year terms or, if the proposal to declassify our Board is approved, to elect nine directors to serve one-year terms;
7. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2009; and
8. To act upon any other matters which may properly come before the meeting and any adjournments.

Only stockholders of record of common stock and Series B Participating Convertible Preferred Stock at the close of business on March 16, 2009 are entitled to receive this notice and to vote at the meeting.

To assure your representation at the meeting, please vote your shares as instructed in the Notice of Internet Availability of Proxy Materials, over the Internet or by telephone after your receipt of hard copies of the proxy materials, as promptly as possible. You may also request a paper proxy card, which will include a reply envelope, to submit your vote by mail, as described in the Notice of Internet Availability of Proxy Materials.

By Order of the Board of Directors

/s/ Teresa H. Johnson

Teresa H. Johnson

*Executive Vice President, General Counsel
and Secretary*

MONEYGRAM INTERNATIONAL, INC.
1550 Utica Avenue South
Minneapolis, Minnesota 55416
ANNUAL MEETING OF STOCKHOLDERS
PROXY STATEMENT

Annual Meeting	Tuesday, May 12, 2009 8:30 a.m., Central Time	Graves 601 Hotel 601 First Avenue North Minneapolis, Minnesota 55403
Purpose	<ol style="list-style-type: none">1. Amend our Amended and Restated Certificate of Incorporation to increase authorized shares of common stock.2. Amend our Amended and Restated Certificate of Incorporation to effect a reverse stock split at the discretion of our Board of Directors (Board).3. Amend our Amended and Restated Certificate of Incorporation to provide for proportional voting of directors.4. Amend our Amended and Restated Certificate of Incorporation to declassify our Board and to provide for one-year terms of office for all directors.5. Amendments to the MoneyGram International, Inc. 2005 Omnibus Incentive Plan (the 2005 incentive plan).6. Elect six directors, three of whom to serve two-year terms and three of whom to serve three-year terms or, if the proposal to declassify our Board is approved, elect nine directors to serve one-year terms.7. Ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2009.8. Any other proper business.	
Proxies Solicitation	We will pay the cost of soliciting proxies. Proxies may be solicited on our behalf by directors, officers or employees, in person or by telephone, electronic transmission or facsimile transmission.	
First Mailing Date	We anticipate mailing the Notice of Internet Availability of Proxy Materials (the Notice) on or about March 30, 2009.	
Record Date	March 16, 2009.	
Shares Outstanding	MoneyGram International, Inc. (MoneyGram, the Company, we, us or our) has three classes of capital stock outstanding: common stock, Series B Participating Convertible Preferred Stock (the B Stock) and Series B-1 Participating Convertible Preferred Stock (the B-1 Stock, and, together with the B Stock, the Series B Stock).	

On the record date, [] shares of common stock, 495,000 shares of B Stock and 272,500 shares of B-1 Stock were outstanding. As of the record date, the 495,000 shares of B Stock are convertible into 223,352,682 shares of common stock (computed prior to any reverse stock split), and the 272,500 shares of B-1 Stock are convertible into 109,000 shares of Series D Participating Convertible Preferred Stock (the D Stock), which are convertible by a holder other than The Goldman Sachs Group, Inc. and its affiliates (the Goldman Sachs Group), into 122,956,780 shares of common stock (computed prior to any reverse stock split). Each share of B-1 Stock will automatically convert into one share of B Stock upon transfer to any holder other than the Goldman Sachs Group.

Our stockholders holding Series B Stock would own approximately 80.8 percent of our

common stock on a diluted basis upon conversion of their Series B Stock. Effectively, holders of the B Stock hold approximately 80.8 percent of the voting power of our stock, voting as a single class with the common stockholders. The B-1 Stock is non-voting stock except for the rights to vote on limited matters specified in the Certificate of Designations, Preferences and Rights of the B-1 Stock of the Company, none of which are being presented for a vote at this meeting.

Voting

You are entitled to vote at the meeting if you are a holder of record of common stock or B Stock on the record date. You may vote in person at the meeting, by automated telephone voting, on the Internet or by proxy.

A holder of common stock is entitled to one vote for each share of common stock held on the record date for each of the proposals set forth herein. The holders of our B Stock are entitled to vote on all matters voted on by holders of our common stock, voting as a single class with the common stockholders. The holders of our B Stock have a number of votes equal to the number of shares of common stock issuable if all outstanding shares of B Stock were converted plus the number of shares of common stock issuable if all outstanding shares of B-1 Stock were converted into B Stock and subsequently converted into common stock on the record date. There is no cumulative voting.

Accessing Proxy Materials

Under the rules of the Securities and Exchange Commission (the "SEC"), we are furnishing proxy materials, including the Company's Annual Report on Form 10-K for the year ended December 31, 2008 (the "2008 Form 10-K"), to our stockholders on the Internet rather than mailing printed copies to our stockholders. If you received a Notice by mail, you will not receive a printed copy of the proxy materials unless you request one as instructed in the Notice. Instead, the Notice will instruct you as to how you may access and review the proxy materials on the Internet.

Board Representation

Pursuant to the amended and restated purchase agreement (the "Purchase Agreement"), dated as of March 17, 2008, with affiliates of Thomas H. Lee Partners, L.P. ("THL") and affiliates of Goldman, Sachs & Co. ("Goldman Sachs"), and, together with THL, the "Investors"), the Investors have been provided with certain rights with respect to representation on the Board and committees of the Board, which has resulted in a change to the composition of the majority of the Board. Additionally, under the Purchase Agreement, as long as the Investors have a right to designate directors to our Board, Goldman Sachs has the right to designate one director who would have one vote and THL has the right to designate two to four directors who each have equal votes and who are to have such number of votes equal to the number of directors as is proportionate to the Investors' common stock ownership, calculated on a fully-converted basis assuming the conversion of all shares of Series B Stock into common stock, minus the one vote of the director designated by Goldman Sachs. Therefore, upon approval of Proposal 3 in this proxy statement, each director designated by THL will have multiple votes and each other director will have one vote. On March 25, 2008, THL designated two individuals, Messrs. Scott L. Jaeckel and Seth W. Lawry, to the Board. On November 19, 2008, THL designated Messrs. Thomas M. Hagerty and Ganesh B. Rao to the Board. To date, Goldman Sachs has not designated a member of the Board but is expected to do so upon approval of Proposal 3 in this proxy statement. For additional information, see Proposal 3 in this proxy statement.

Proxies

We will vote signed returned proxies **FOR** each amendment to our Amended and Restated Certificate of Incorporation, **FOR** the amendment to the 2005 incentive plan, **FOR** the Board's director nominees and **FOR** the ratification of Deloitte & Touche LLP as our independent registered public accounting firm for 2009, 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, the proxy may be voted for another person as the proxy holders decide. If you are a participant in the MoneyGram International, Inc. 401(k) Plan, your proxy is a voting instruction to the plan's trustee. See **Voting Procedures** in this proxy statement.

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** in this proxy statement.

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.

CAPITAL TRANSACTION

On March 25, 2008, MoneyGram completed a recapitalization transaction (the **Capital Transaction**) pursuant to the terms of the Purchase Agreement. Pursuant to the Purchase Agreement, we, among other things, sold 495,000 shares of B Stock to THL and 265,000 shares of B-1 Stock to Goldman Sachs for an aggregate purchase price of \$760 million. In addition, the Company paid \$7.5 million of transaction costs relating to the issuance of the Series B Stock through the issuance of 7,500 shares of B-1 Stock to Goldman Sachs. The issuance of the Series B Stock gave the Investors an initial equity interest of approximately 79 percent. For additional information regarding the Capital Transaction, the Purchase Agreement, the terms of the Series B Stock and related matters, see **Board of Directors and Governance Transactions with Related Persons** in this proxy statement.

PROPOSAL 1: AMENDMENT TO AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO INCREASE AUTHORIZED SHARES OF COMMON STOCK

After careful consideration, the Board of MoneyGram has unanimously determined that it would be in the best interests of the Company and our stockholders to amend our Amended and Restated Certificate of Incorporation to increase the number of authorized shares of common stock, par value \$0.01 per share, as described below. The Board is now asking you to approve this amendment to the Amended and Restated Certificate of Incorporation.

The Board has determined that Clause (A) of Article IV of the Company's Amended and Restated Certificate of Incorporation should be amended to increase the number of authorized shares of common stock from 250,000,000 to 1,300,000,000, and the total number of shares of stock which the Company has the authority to issue from 257,000,000 to 1,307,000,000.

As of February 18, 2009, there were 82,540,662 shares of common stock outstanding, and 6,284,881 shares reserved for future issuance pursuant to the Company's stock compensation plans. Additionally, there were 495,000 shares of B Stock and 272,500 shares of B-1 Stock. As of February 18, 2009, the 495,000 shares of B Stock are convertible at any time into 221,413,728 shares of common stock and the 272,500 shares of B-1 Stock are convertible at any time into 109,000 shares of D Stock, which are immediately convertible by a holder other than the Goldman Sachs Group, into 121,889,375 shares of common stock. Each share of B-1 Stock will automatically convert into one share of B Stock upon transfer to any holder other than the Goldman Sachs Group. As of February 18, 2009, there were 149,854,419 shares of unissued and unreserved common stock available for issuance.

The additional shares of common stock for which authorization is sought would be a part of the existing class of common stock and, if and when issued, would have the same rights and privileges as the shares of common stock presently outstanding. Such additional shares would not (and the shares of common stock presently outstanding do not) entitle the holders thereof to preemptive or cumulative voting rights.

Effects of the Amendment

Pursuant to Section 4.1(g) of the Purchase Agreement entered into by the Company in connection with the Capital Transaction described under **Equity Purchase Agreement** under **Transactions with Related Persons** in this proxy statement, the Company agreed to hold a meeting of stockholders to seek amendment to the Amended and Restated Certificate of Incorporation to increase the number of authorized shares of common stock to 1,300,000,000.

On February 9, 2009, the Board voted to approve, and to recommend that you approve at the 2009 Annual Meeting of Stockholders, this Proposal 1.

Approval of this Proposal 1 will cause clause (A) of Article IV of our Amended and Restated Certificate of Incorporation to be amended and restated in its entirety, as follows:

Article IV

(A) **Authorized Stock.** The total number of shares of stock that the Corporation shall have authority to issue is one billion three hundred and seven million (1,307,000,000), consisting of (i) one billion three hundred million (1,300,000,000) shares of Common Stock, par value \$0.01 per share (hereinafter referred to as *Common Stock*) and (ii) seven million (7,000,000) shares of Preferred Stock, par value \$0.01 per share (hereinafter referred to as *Preferred Stock*).

It is necessary to increase the number of authorized shares of common stock to allow for the conversion of the Series B Stock, as there are not currently sufficient shares authorized and unissued to allow for such conversion. Furthermore, additional authorized but unissued shares of common stock will enable the Company to take timely advantage of market conditions and the availability of favorable financing and acquisition opportunities without the delay and expense associated with convening a special stockholders meeting (unless otherwise required by the rules of any stock exchange on which the Company's common stock may then be listed). The shares of common stock could be used for issuing stock dividends (including stock splits issued in the form of stock dividends), the grant of stock options or other equity-based compensation under the 2005 incentive plan, acquisition by the Company of businesses or properties, equity financing and other general corporate purposes. With the exception of the potential conversion of the Series B Stock, the Company has no present plans, commitment or understandings in place with regard to use of such shares.

Unless required by law or by the rules of any stock exchange on which the Company's common stock may in the future be listed, no further vote by the stockholders will be sought for any issuance of shares of common stock. Under existing New York Stock Exchange, Inc. (NYSE) regulations, subject to certain exemptions, approval by a majority of the holders of common stock would nevertheless be required in connection with any transaction or series of related transactions that would result in the original issuance of additional shares of common stock, other than in a public offering for cash, if: (a) such additional shares of common stock (including securities convertible into or exercisable for common stock) has, or will have upon issuance, voting power equal to or in excess of 20 percent of the voting power outstanding before the issuance of the common stock; (b) the number of such additional shares of common stock is or will be equal to or in excess of 20 percent of the number of shares of common stock outstanding before the issuance of such additional shares, or (c) the issuance would result in a change in control of the Company.

Board Recommendation

The Board recommends to the stockholders that they vote **FOR** this Proposal 1. The vote required to amend the Amended and Restated Certificate of Incorporation to increase the number of authorized shares of common stock is a majority of the voting power of the common stock and B Stock outstanding and entitled to vote at the 2009 Annual Meeting of Stockholders, voting together as a single class.

Holders of the B Stock, who hold approximately 80.8 percent of the voting power of our stock, voting together as a single class with the common stockholders, have indicated their intention to vote in favor of this Proposal 1, thereby assuring its approval.

PROPOSAL 2: AMENDMENT TO AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO EFFECT A REVERSE STOCK SPLIT AT THE DISCRETION OF OUR BOARD OF DIRECTORS

After careful consideration, the Board has unanimously determined that it would be in the best interests of the Company and our stockholders to authorize the Board to amend our Amended and Restated Certificate of Incorporation to effect a reverse stock split of our common stock, par value \$0.01 per share, at its sole discretion. In addition, notwithstanding approval of this Proposal 2 by stockholders, the Board may determine not to effect, and could abandon, a reverse stock split without further action by our stockholders. On February 9, 2009, the Board voted to approve, and to recommend that you approve at the 2009 Annual Meeting of Stockholders, this Proposal 2.

Reasons for a Reverse Stock Split

One of the primary objectives in effecting the reverse stock split would be to raise the per share trading price of our common stock in order to comply with the NYSE continued listing standards. However, the Board has noted that the NYSE has enacted a rule temporarily suspending the NYSE's \$1 minimum price requirement through at least June 30, 2009. A second objective would be to increase the price per share in order to enhance the marketability of our common stock. Our Board believes that the current price per share of our common stock diminishes the effective marketability of such stock because of the reluctance of many leading brokerage firms to recommend lower-priced stock to their clients. Additionally, the policies and practices of a number of brokerage firms with respect to the payment of commissions based on stock price tend to discourage individual brokers within those firms from dealing in lower-priced stocks.

If approved, the Board would effect a reverse stock split only upon the Board's determination that a reverse stock split would be in the best interests of the stockholders at the time and would optimize the long-term value of our common stock and have the least impact on the short-term value of our stock. The Board believes it can best have the opportunity to achieve these objectives if the stockholders give the Board authority to effect a reverse stock split at its sole discretion.

Risks Associated with a Reverse Stock Split

While we believe that a higher stock price may help generate investor interest in our common stock, a reverse stock split may not result in a stock price that will attract brokers, institutional investors or investment funds or satisfy the investing guidelines of institutional investors or investment funds. The market price of our common stock is also based on our performance and other factors, which are unrelated to the number of shares of common stock outstanding. There are numerous factors and contingencies that could affect our stock price following a reverse stock split, including the status of the market for our stock at the time, our reported results of operations in future periods and general economic, market and industry conditions. Accordingly, although the price of our common stock is likely to increase with a reverse stock split, there can be no assurance that the market will sustain any such increase. If the market price of our common stock declines after a reverse stock split, our total market capitalization (the aggregate value of all of our outstanding common stock at the then existing market price) after a split will be lower than before the split. In addition, a decline in the market price of our common stock after a reverse stock split may result in a greater percentage decline than would occur in the absence of a split.

Following a reverse stock split, our outstanding shares would be reduced, which may lead to reduced trading volume and less liquidity for our common stock. That may increase the volatility of our stock price.

A reverse stock split may result in some stockholders owning "odd lots" of less than 100 shares of our common stock on a post-split basis. Odd lots may be more difficult to sell, or require greater transaction costs per share to sell, than shares in lots of even multiples of 100 shares.

Timing and Effective Date

To effect a reverse stock split, the Board would determine the timing and specific ratio for such a split. No further action on the part of stockholders will be required to either implement or abandon a reverse stock split. We would communicate to the public prior to the effective date of a reverse stock split additional details regarding the reverse stock split, including the timing and specific ratio selected by the Board.

If the stockholders approve this Proposal 2 and the Board decides to implement a reverse stock split, we will file a Certificate of Amendment with the Delaware Secretary of State to amend our existing Amended and Restated Certificate of Incorporation to add a new subparagraph (F) to Article IV, as follows:

Article IV

(F) Reverse Stock Split. At the close of the trading market on the filing date hereof with the Delaware Secretary of State, the issued and outstanding shares of the Corporation's Common Stock shall be reverse split, and each [____] shares thereof shall be deemed exchanged for one share of the Corporation's Common Stock without any further action by the holder thereof. Any resulting fractional shares will be rounded up to a whole share.

The text of the Certificate of Amendment is subject to modification to include such changes as may be required by the Delaware Secretary of State and as the Board deems necessary and advisable to effect the reverse stock split, including the applicable ratio for the reverse stock split as determined by the Board in its sole discretion. We would issue a press release and file a Current Report on Form 8-K to announce the amendment of our Amended and Restated Certificate of Incorporation. A reverse stock split will become effective at the close of the stock market on the date of filing the Certificate of Amendment, which is referred to as the effective date. Beginning on the effective date, each certificate representing pre-reverse stock split shares will be deemed for all corporate purposes to evidence ownership of the reduced number of post-reverse stock split shares (based on the ratio selected).

Effects of a Reverse Stock Split if Implemented

If a reverse stock split is approved and implemented, a reverse stock split would be effected simultaneously for all of our common stock and the exchange ratio would be equal for all of our common stock. A reverse stock split would affect all of our stockholders uniformly and would not affect any holder's percentage ownership interest in the Company, except to the extent that any fractional share resulting from a reverse stock split would be rounded up to the next whole share. Our reporting requirements under the Securities Exchange Act of 1934, as amended (the Exchange Act), would not be affected. If a reverse stock split is approved and implemented, our common stock would continue to be reported on the NYSE under the symbol MGI, but our CUSIP number would be changed. We would issue a press release and file a Current Report on Form 8-K to announce that our CUSIP number was changed.

If a reverse stock split is approved and implemented, it would reduce the number of our authorized shares based on the ratio selected by the Board. With respect to the Series B Stock, the Certificate of Designations, Preferences and Rights of each series of the Series B Stock provides that the Conversion Price and the Redemption Trigger Price in effect on the effective date of a reverse stock split shall be adjusted to the number obtained by multiplying each of the Conversion Price and the Redemption Trigger Price, respectively, in effect on the effective date of a reverse stock split by a fraction, the numerator of which is the number of shares of common stock outstanding immediately prior to such date, and the denominator of which is the number of shares of common stock outstanding immediately following such date. As of the record date, the Conversion Price of the B Stock was \$2.50 and the Redemption Trigger Price of the B Stock was \$15.00.

If a reverse stock split is approved and implemented, all outstanding equity awards under the MoneyGram International, Inc. 2004 Omnibus Incentive Plan, as amended (the 2004 incentive plan), and the 2005 incentive plan, as well as stock units issued under any of the Company's deferred compensation plans, will be adjusted by the ratio selected by the Board and will be rounded down to the nearest whole share. As of February 18, 2009, we had outstanding under the 2004 incentive plan options to purchase 2,444,745 shares of our common stock at prices ranging from \$14.1546 to \$22.4616 per share. Additionally, we had outstanding under the 2005 incentive plan options to purchase 519,634 shares of our common stock at prices ranging from \$1.50 to \$30.0150 per share. No cash payment will be made in respect of any fractional share. A reverse stock split will not affect the expiration date of outstanding stock options.

As soon as practicable after the effective date of a reverse stock split, our stock transfer agent would mail a transmittal form to each holder of record that holds certificates of our common stock that would be used in forwarding certificates for surrender and the exchange into new post-split common stock in book-entry form to which the holder is entitled as a consequence of the reverse stock split. The transmittal form would be accompanied by instructions specifying other details of the exchange.

After receipt of a transmittal form, each holder, as applicable, would surrender the certificates formerly representing shares of our common stock and, in exchange, would receive a book-entry statement reflecting the number of shares of common stock to which the holder is entitled following a reverse stock split. No stockholder would be required to pay a transfer or other fee to exchange his, her or its certificates. **Stockholders should not send in certificates until**

they receive a transmittal form from our stock transfer agent.

The number of shares of common stock you own would automatically be reduced without any further action on your part and without regard to the date that you physically surrender your certificates to our transfer agent. Each certificate representing pre-split shares of

common stock would, until surrendered and exchanged as described above, be deemed cancelled and, for all corporate purposes, would be deemed to represent only the number of post-split shares as a result of the reverse stock split. Note that you would not be entitled to receive any dividends or other distributions payable by us after the reverse stock split is effective until you surrender and exchange your certificates. If we issue and pay any dividends or make any distributions, these amounts would be withheld, accumulate and be paid to you, without interest, once you surrender your certificates for exchange. We have no current plans to pay any dividends or to make any distributions other than as required pursuant to the terms of our Series B Stock.

If you hold your shares in book entry form through our stock transfer agent, no action would be required on your part. The number of shares of common stock you own would automatically be reduced, our stock transfer agent would update its records accordingly, and a book-entry statement reflecting your new post-split common stock would be mailed to your address of record.

No Appraisal Rights

Under Delaware law, stockholders would not be entitled to exercise appraisal rights in connection with a reverse stock split, and the Company would not independently provide stockholders with any such right.

U.S. Federal Income Tax Consequences

The following is a summary of important tax considerations of a reverse stock split. It addresses only stockholders who hold the pre-reverse stock split common shares and post-reverse stock split common shares as capital assets, as defined in the Internal Revenue Code of 1986, as amended (the Code). It does not purport to be complete and does not address stockholders subject to special rules, such as financial institutions, tax-exempt organizations, insurance companies, dealers in securities, mutual funds, foreign stockholders, stockholders who hold the pre-reverse stock split shares as part of a straddle, hedge or conversion transaction, stockholders who are subject to the alternative minimum tax provisions of the Code and stockholders who acquired their pre-reverse stock split shares pursuant to the exercise of employee stock options or otherwise as compensation.

This summary is based upon current law, which may change, possibly even retroactively. It does not address tax considerations under state, local, foreign and other laws. We have not obtained a ruling from the Internal Revenue Service or an opinion of legal or tax counsel with respect to the consequences of a reverse stock split. Each stockholder is advised to consult his, her or its own tax advisor as to the tax consequences of a reverse stock split. A reverse stock split is intended to constitute a reorganization within the meaning of Section 368 of the Code. Assuming a reverse stock split qualifies as a reorganization, a stockholder generally would not recognize gain or loss on the reverse stock split. The aggregate tax basis of the post-split shares received would be equal to the aggregate tax basis of the pre-split shares exchanged therefor, and the holding period of the post-split shares received would include the holding period of the pre-split shares exchanged. The federal income tax consequences of rounding up to the next whole share in lieu of receiving a fractional interest are not clear, but may result in tax liabilities which are not expected to be material in amount due to the anticipated value of the fractional interest. No gain or loss would be recognized by the Company as a result of a reverse stock split.

Accounting Consequences

The implementation of a reverse stock split would result in an adjustment to all share, share equivalent and per share amounts as if the reverse stock split had occurred on the first day of each period presented. If the par value of our common stock is not adjusted in connection with the reverse stock split, amounts would also be reclassified between the common stock and additional paid-in capital components of our stockholders' deficit, with no net change occurring.

Board Recommendation

The Board recommends to the stockholders that they vote FOR this Proposal 2. The vote required to amend the Amended and Restated Certificate of Incorporation to effect a reverse stock split at the discretion of the Board is a majority of the voting power of the common stock and B Stock outstanding and entitled to vote at the 2009 Annual Meeting of Stockholders, voting together as a single class.

Holders of the B Stock, who hold approximately 80.8 percent of the voting power of our stock, voting together as a single class with the common stockholders, have indicated their intention to vote in favor of this Proposal 2, thereby assuring its approval.

PROPOSAL 3: AMENDMENT TO AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO PROVIDE FOR PROPORTIONAL VOTING OF DIRECTORS

After careful consideration the Board has unanimously determined that it would be in the best interests of the Company and our stockholders to amend our Amended and Restated Certificate of Incorporation to provide for proportional voting of members of the Board, as described below. On February 9, 2009, the Board voted to approve, and to recommend that you approve at the 2009 Annual Meeting of Stockholders, this Proposal 3. If this proposal is approved, the Board will amend the Company's Bylaws to be consistent with this amendment to the Amended and Restated Certificate of Incorporation.

Purposes and Effects of the Amendment

Section 4.1(b) of the Purchase Agreement provides that the Investors shall be entitled to nominate and cause the Company to appoint individuals to the Board to serve as directors (each, a Board Representative) such that the Investors will appoint that number of directors as is proportionate to the Investors' common stock ownership, calculated on a fully-converted basis (assuming the conversion of all shares of Series B Stock into common stock). In addition to the members of the Board designated by the Investors, the Board is required to have at least three independent directors not designated by or affiliated with the Investors and also has chosen to appoint two management directors. Because the Investors currently hold Series B Stock convertible into approximately 80.8 percent of the Company's common stock on a fully converted basis, and because such percentage will increase over time to the extent that dividends on the Series B Stock accrue, having a number of Board Representatives proportionate to the Investors' common stock ownership, plus three independent directors and two management directors, would require having a Board with approximately 21 members. Given the Investors' rights to proportional representation on the Board, the director proportional voting rights contemplated by this proposal will allow the Company to have a Board with fewer Board Representatives designated by the Investors. Having a Board with a more limited number of members will result in the Company incurring lower director expenses.

The Investors and the Company determined that having such a large Board would not be in the Investors' or the Company's best interests. Accordingly, the Purchase Agreement provides that the Company will take action to provide each of the Board Representatives appointed by affiliates of THL (or their permitted successors or assigns) multiple votes such that a smaller number of Board Representatives will have a voting interest proportional to the Investors' common stock ownership calculated on a fully-converted basis. Pursuant to Section 4.1(g) of the Purchase Agreement, the Company agreed to hold a meeting of stockholders to seek amendment to the Amended and Restated Certificate of Incorporation to provide that as long as the Investors have a right to designate Board Representatives pursuant to Section 4.1(b) of the Purchase Agreement, affiliates of Goldman Sachs (or its permitted successors or assigns) would have the right to designate one Board Representative, which Board Representative would have one vote, and THL (or its permitted successors or assigns) will have the right to designate two to four Board Representatives, which Board Representatives would be authorized to vote (with each such Board Representative having equal votes) on all matters occasioning action by the Board such number of votes equal to the number of directors that the Investors would be entitled to designate pursuant to Section 4.1(b) of the Purchase Agreement in the absence of the amendment to the Amended and Restated Certificate of Incorporation, minus the one vote of the Board Representative designated by Goldman Sachs. As a result of such amendment, as long as the Investors have a right to designate Board Representatives pursuant to Section 4.1(b) of the Purchase Agreement, each Board Representative designated by affiliates of THL (or their permitted successors or assigns) would have multiple votes and each other member of the Board would have one vote.

If this Proposal 3 is approved, the Board will have nine members, with THL's four Board Representatives having approximately 16 votes out of a total of 21 votes on the Board. To date, Goldman Sachs has not designated a member of the Board but is expected to do so upon approval of this Proposal 3.

Text and Legal Effectiveness of Proposed Amendment

Approval of this Proposal 3 will cause Article XIII to be added to our Amended and Restated Certificate of Incorporation, as follows:

Article XIII

(A) At any time the investors that are party to the Purchase Agreement (as defined below) or their respective affiliates (collectively, the *Investors*) have the right pursuant to Section 4.1(b) of the Purchase Agreement to appoint individuals to be nominated for election to the Board of Directors (*Board Representatives*) to serve as directors of the Corporation, affiliates of Goldman, Sachs & Co. (*Goldman Sachs*) (or its permitted successors or assigns) shall have the right to designate one (1) Board Representative (the *GS Board Representative*), which such Board Representative, if elected as a director, shall have one (1) vote, and affiliates of Thomas H. Lee Partners, L.P. (*THL*) (or its permitted successors or assigns) shall have the right to designate two (2) to four (4) Board

Representatives (the *THL Board Representatives*), which THL Board Representatives, if elected as directors, together shall be authorized to vote (with each THL Board Representative having equal votes) on all matters occasioning action by the Board of Directors a total number of votes equal to (x) the number of directors that the Investors would be entitled to designate pursuant to Section 4.1(b) of the Purchase Agreement in order to have Proportional Representation (as defined below) on the Board of Directors in the absence of this Article XIII, minus (y) the one (1) vote of the GS Board Representative. Each director other than the THL Board Representatives shall have one (1) vote. For the purposes of this Amended and Restated Certificate of Incorporation, *Proportional Representation* shall mean the number of Board Representatives (rounded to the nearest whole number) that the Investors would need to appoint (in the absence of this Article XIII) in order for the number of Board Representatives appointed by the Investors as compared to the number of directors constituting the entire Board of Directors to be proportionate to the Investors' common stock ownership, calculated on a fully-converted basis (assuming all shares of Series B Stock are converted into common stock). For the purposes of this Amended and Restated Certificate of Incorporation, the *Purchase Agreement* shall mean that certain Amended and Restated Purchase Agreement, dated as of March 17, 2008, between the Corporation and the purchasers named therein, including all schedules and exhibits thereto, as the same may be amended from time to time.

(B) At any time the right of the Investors to appoint Board Representatives pursuant to this Article XIII is in effect, all references in this Amended and Restated Certificate of Incorporation, the Bylaws of the Corporation and any other charter document of the Corporation, each as may be amended from time to time, to a majority of the directors, a majority of the remaining directors, a majority of the Whole Board, a majority of the total number of directors that the Corporation would have if there were no vacancies and similar phrases shall give effect to the proportional voting provisions of this Article XIII such that the references to a majority shall mean a majority of the votes of the directors. The amendment will be effective as of the time the Amendment to the Amended and Restated Certificate of Incorporation is filed with the Delaware Secretary of State which, assuming Proposal 3 is approved, will be filed promptly after the results of the stockholder vote are certified.

Board Recommendation

The Board recommends to the stockholders that they vote FOR this Proposal 3. The vote required to amend the Amended and Restated Certificate of Incorporation to provide for proportional voting of directors as set forth in Article XIII Section (A) above and to add Article XIII Section (B) above is at least 80 percent of the voting power of the common stock and B Stock outstanding and entitled to vote at the 2009 Annual Meeting of Stockholders, voting together as a single class.

Holders of the B Stock, who hold approximately 80.8 percent of the voting power of our stock, voting together as a single class with the common stockholders, have indicated their intention to vote in favor of this Proposal 3, thereby assuring its approval.

PROPOSAL 4: AMENDMENT TO AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO DECLASSIFY OUR BOARD OF DIRECTORS

After careful consideration, the Board has unanimously determined that it would be in the best interests of the Company and our stockholders to amend our Amended and Restated Certificate of Incorporation to declassify the Board and provide for the annual election of all directors, as described below. On February 9, 2009, the Board voted to approve, and to recommend that you approve at the 2009 Annual Meeting of Stockholders, this Proposal 4.

MoneyGram's Current Classified Board Structure

Clause (C) of Article VIII of the Company's current Amended and Restated Certificate of Incorporation divides MoneyGram's directors into three classes as nearly equal in size as possible, with members of each class serving three-year terms of office. Consequently, at any given annual meeting of stockholders, MoneyGram's stockholders have the ability to elect only one class of directors, constituting roughly one-third of the entire Board. Clause (D) of Article VIII makes reference to the classified Board.

Proposed Declassification of the Board

Pursuant to Section 4.1(g) of the Purchase Agreement, the Company agreed to hold a meeting of stockholders to seek amendment to the Amended and Restated Certificate of Incorporation to provide that each member of the Board shall be elected annually for a one-year term.

Rationale for Declassification

The Board is committed to good corporate governance at MoneyGram. Accordingly, in determining whether to propose declassification as described above, the Board carefully reviewed the various arguments for and against a classified Board structure.

The Board recognizes that a classified structure may offer several advantages, such as promoting Board continuity and stability, and encouraging directors to take a long-term perspective. The Board also recognizes, conversely, that a classified structure may appear to reduce directors' accountability to stockholders, since such a structure does not enable stockholders to express a view on each director's performance by means of an annual vote. The Board also believes that implementing annual elections for all directors would support MoneyGram's ongoing effort to adopt best practices in corporate governance.

In view of the considerations described above, the Board has unanimously determined that it is in the best interests of the Company and our stockholders to eliminate the classified Board structure as proposed.

Text and Legal Effectiveness of Proposed Amendment

Approval of this Proposal 4 will cause clauses (C) and (D) of Article VIII of our Amended and Restated Certificate of Incorporation to be amended and restated in their entirety, as follows:

Article VIII

(C) The directors shall be elected annually at each annual meeting of stockholders of the Corporation by a plurality vote of all votes cast at such meeting to hold office for a term expiring at the next annual meeting of stockholders, with each director to hold office until his or her successor shall have been duly elected and qualified. The terms of office of each director whose term of office did not expire at the 2009 annual meeting of stockholders of the Corporation shall nonetheless expire upon the effectiveness of this Amendment to the Amended and Restated Certificate of Incorporation under the General Corporation Law of the State of Delaware (the *Effective Time*), such that the directors elected at the 2009 annual meeting of stockholders of the Corporation effective upon the *Effective Time* to succeed such directors shall commence their term of office at the *Effective Time*, for a term expiring at the next annual meeting of stockholders, with each such director to hold office until his or her successor shall have been duly elected and qualified.

(D) Subject to the rights of the holders of our Series B Participating Convertible Preferred Stock and Series B-1 Participating Convertible Preferred Stock (the *Series B Stock*) or any other series or class of stock, as set forth in this Amended and Restated Certificate of Incorporation, to elect additional directors under specified circumstances, vacancies resulting from death, resignation, retirement, disqualification, removal from office or other cause, and

newly created directorships resulting from any increase in the authorized number of directors, may be filled, unless the Board of Directors otherwise determines, only by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board of Directors, or by the sole remaining director, and not by stockholders. Directors so chosen shall hold office for a term expiring at the next annual meeting of stockholders and until such director's successor shall have been duly elected and qualified. No decrease in the number of authorized directors constituting the Board of Directors shall shorten the term of any incumbent director.

The proposed amendment provides that at each annual meeting of stockholders, commencing with the 2009 Annual Meeting of Stockholders, all elected directors will hold office for a term expiring at the next annual meeting of stockholders, with each director to hold office until his or her successor shall have been duly elected and qualified. The effect of this amendment, if approved by our stockholders, would be to declassify the Board effective upon the Company's filing of the Certificate of Amendment to the Amended and Restated Certificate of Incorporation with the Delaware Secretary of State. Assuming Proposal 4 is approved, the Company intends to file the Certificate of Amendment promptly after the results of the stockholder vote are certified. Upon filing of such Certificate of Amendment, the conditional unanimous written consent of the Board to amend the Bylaws of the Company to provide for annual election of directors will also become effective.

Board Recommendation

The Board recommends to the stockholders that they vote **FOR** this Proposal 4. The vote required to amend the Amended and Restated Certificate of Incorporation to declassify the Board is at least 80 percent of the voting power of the common stock and B Stock outstanding and entitled to vote at the 2009 Annual Meeting of Stockholders, voting together as a single class.

Holders of the B Stock, who hold approximately 80.8 percent of the voting power of our stock, voting together as a single class with the common stockholders, have indicated their intention to vote in favor of this Proposal 4, thereby assuring its approval.

PROPOSAL 5: AMENDMENTS TO THE MONEYGRAM INTERNATIONAL, INC. 2005 OMNIBUS INCENTIVE PLAN

Background

After careful consideration, the Board has unanimously determined that it would be in the best interests of the Company and our stockholders to make certain amendments to the 2005 incentive plan. On February 9, 2009, the Board voted to approve, and to recommend that you approve at the 2009 Annual Meeting of Stockholders, this Proposal 5.

If adopted by our stockholders, the amendments to the 2005 incentive plan would:

increase the aggregate number of shares that may be issued under all awards under the 2005 incentive plan from 7.5 million to 47 million shares;

increase the aggregate number of shares that may be granted to an eligible person in any calendar year under the 2005 incentive plan from 500,000 to 10 million shares;

revise the definition of Fair Market Value from the average of the high and low sales prices of the shares on the NYSE on a given date to the closing sale price of the shares on the NYSE on a given date;

add a definition of Change in Control ;

update the 2005 incentive plan regarding Section 409A under the Code, including adding a definition of Qualifying Termination ; and

permit the use of unsigned, electronic award agreements.

Rationale for Approval

The 2005 incentive plan was approved by our stockholders in May 2005 at the 2005 Annual Meeting of Stockholders. The purpose of the 2005 incentive plan is to promote the interests of MoneyGram and our stockholders by aiding us in attracting and retaining employees, officers, consultants, advisors and non-employee directors (eligible participants) who we expect will contribute to our growth and financial performance for the benefit of our stockholders.

The 2005 incentive plan authorizes the grant of stock options and other forms of stock-based compensation. The Board believes that stock-based compensation is a very important factor in attracting and retaining experienced and talented employees and non-employee directors who can contribute significantly to the management, growth and profitability of our business. Additionally, the Board believes that stock-based compensation aligns the interests of our management and non-employee directors with the interest of our stockholders. The availability of stock-based compensation not only increases employees focus on the creation of stockholder value, but also enhances employee retention and generally provides increased motivation for our employees to contribute to the future success of MoneyGram. The 2005 incentive plan is the only plan pursuant to which the Company can grant stock options and other forms of stock-based compensation, and the limited number shares remaining available under the 2005 incentive plan restricts the Board s ability to make stock-based awards. The substantial decline in the Company s stock price in recent years has greatly reduced the incentive value of existing shares available for awards as well as outstanding awards under the 2005 incentive plan. The Board therefore determined that the number of available shares would not be adequate to provide competitive levels of incentive compensation.

As of February 18, 2009 and without taking into account the amendment to increase the number of shares available under the 2005 incentive plan, 6.3 million shares remained available for future awards under the 2005 incentive plan. On January 21, 2009, the Board granted options to purchase 4.7 million shares to Pamela H. Patsley, our new Executive Chairman, subject to approval of this Proposal 5. If this Proposal 5 is not approved by our stockholders, only options to purchase 500,000 shares granted to Ms. Patsley would not be forfeited due to the 2005 incentive plan s current limitation on the aggregate number of shares that may be issued to an individual in any calendar year. For the reasons discussed above, the Board believes that adoption of the amendments is needed to implement the Company s strategic plan and goals and is in the best interests of MoneyGram and our stockholders.

The following is a summary of the material terms of the 2005 incentive plan and is qualified in its entirety by reference to the 2005 incentive plan. A copy of the 2005 incentive plan, as amended, is attached as Appendix A to this proxy statement and is marked to show the changes.

Administration

The Human Resources and Nominating Committee administers the 2005 incentive plan and has full power and authority to determine when and to whom awards will be granted, and the type, amount, form of payment and other terms and conditions of each award, consistent with the provisions of the 2005 incentive plan. In addition, the committee can specify whether, and under what circumstances, awards to be received under the 2005 incentive plan or amounts payable under such awards may be deferred automatically or at the election of either the holder of the award or the committee. Subject to the provisions of the 2005 incentive plan, the committee may amend or waive the terms and conditions, or accelerate the exercisability, of an outstanding award. The committee has authority to interpret the 2005 incentive plan and establish rules and regulations for the administration of the 2005 incentive plan.

The committee may delegate its powers under the 2005 incentive plan to one or more directors, except that the committee may not delegate its powers to grant awards to executive officers or directors who are subject to Section 16 of the Exchange Act, or in a way that would violate Section 162(m) of the Code. In addition, the committee may authorize one or more of our non-director officers to grant stock options under the 2005 incentive plan, provided that stock option awards made by these officers may not be made to executive officers or directors who are subject to Section 16 of the Exchange Act. The Board may also exercise the powers of the committee at any time, so long as its actions would not violate Section 162(m) of the Code.

Eligible Participants

Any employee, officer, consultant, advisor or non-employee director providing services to us or any of our affiliates, who is selected by the committee, is eligible to receive an award under the 2005 incentive plan. As of the date of this proxy statement, approximately 1,900 employees, officers and directors were eligible as a class to be selected by the committee to receive awards under the 2005 incentive plan.

Shares Available For Awards

The aggregate number of shares of our common stock that may be issued under all stock-based awards made under the 2005 incentive plan is currently 7.5 million. If the 2005 incentive plan amendments are approved by our stockholders, the maximum number of shares authorized under the 2005 incentive plan will be increased by 39.5 million shares to 47 million. Certain awards under the 2005 incentive plan are subject to limitations as follows:

In any calendar year, no person may be granted awards, the value of which is based solely on an increase in the value of our common stock after the date of grant of the award, of more than 500,000 shares in the aggregate. If the 2005 incentive plan amendments are approved by our stockholders, this limitation will be increased to 10 million shares.

Our non-employee directors, as a group, may not be granted awards in the aggregate of more than 3% percent of the shares available for awards under the 2005 incentive plan.

A maximum of 7.5 million shares are available for granting incentive stock options under the 2005 incentive plan, subject to the provisions of Section 422 or 424 of the Code or any successor provision.

The committee may adjust the number of shares and share limits described above in the case of a stock dividend or other distribution, including a stock split, merger or other similar corporate transaction or event, in order to prevent dilution or enlargement of the benefits or potential benefits intended to be provided under the 2005 incentive plan. If an award is terminated, forfeited or cancelled without the issuance of any shares or if shares covered by an award are not issued for any other reason, then the shares previously set aside for such award are available for future awards under the 2005 incentive plan. If shares of restricted stock awarded under the 2005 incentive plan are forfeited or otherwise reacquired by us prior to vesting, those shares are again available for awards under the 2005 incentive plan. In addition, shares withheld as payment of the purchase or exercise price of an award or in satisfaction of tax obligations relating to an award are again available for granting awards, except that, after May 10, 2015, any previously issued shares withheld in connection with the satisfaction of tax obligations relating to restricted stock will not be available again for granting awards. Prior to May 10, 2015, any previously issued shares that are used as payment of the purchase or exercise price of an award or in satisfaction of tax obligations relating to an award will again be available for awards under the 2005 incentive plan.

Types of Awards and Terms and Conditions

The 2005 incentive plan permits the granting of:

stock options (including both incentive and non-qualified stock options);

stock appreciation rights (SARs);

restricted stock and restricted stock units;

dividend equivalents;

performance awards of cash, stock or property;

stock awards; and

other stock-based awards.

Awards may be granted alone, in addition to, in combination with or in substitution for, any other award granted under the 2005 incentive plan or any other compensation plan. Awards can be granted for no cash consideration or for any cash or other consideration as may be determined by the committee or as required by applicable law. Awards may provide that upon the grant or exercise thereof, the holder will receive cash, shares of our common stock, other securities or property, or any combination of these in a single payment, installments or on a deferred basis. The exercise price per share under any stock option and the grant price of any SAR may not be less than the fair market value of our common stock on the date of grant of such option or SAR except to satisfy legal requirements of foreign jurisdictions or if the award is in substitution for an award previously granted by an entity acquired by us.

Determinations of fair market value under the 2005 incentive plan are made in accordance with methods and procedures established by the committee. The term of awards are not longer than 10 years from the date of grant.

Stock Options. The holder of an option is entitled to purchase a number of shares of our common stock at a specified exercise price during a specified time period, all as determined by the committee. The option exercise price may be payable either in cash or, at the discretion of the committee, in other securities or other property having a fair market value on the exercise date equal to the exercise price.

Stock Appreciation Rights. The holder of a SAR is entitled to receive the excess of the fair market value (calculated as of the exercise date or, at the committee's discretion, as of any time during a specified period before or after the exercise date) of a specified number of shares of our common stock over the grant price of the SAR. SARs vest and become exercisable in accordance with a vesting schedule established by the committee.

Restricted Stock and Restricted Stock Units. The holder of restricted stock will own shares of our common stock subject to restrictions imposed by the committee (including, for example, restrictions on the right to vote the restricted shares or to receive any dividends with respect to the shares) for a specified time period determined by the committee. The holder of restricted stock units will have the right, subject to any restrictions imposed by the committee, to receive shares of our common stock, or a cash payment equal to the fair market value of those shares, at some future date determined by the committee. The minimum vesting period for these awards is three years from the date of grant, unless the award is conditioned on personal performance, or the performance of MoneyGram or its affiliates, in which case the minimum vesting period is one year from the date of grant; provided, however, that such minimum vesting period will not apply to grants of up to 200,000 shares of restricted stock and restricted stock units to non-employee directors. The committee also may permit accelerated vesting in the case of a participant's death, disability or retirement, or a change in control of MoneyGram. If the participant's employment or service as a director terminates during the vesting period for any other reason, the restricted stock and restricted stock units will be forfeited, unless the committee determines that it would be in our best interest to waive the remaining restrictions.

Dividend Equivalents. The holder of a dividend equivalent is entitled to receive payments (in cash, shares of our common stock, other securities or other property) equivalent to the amount of cash dividends paid by us to our stockholders, with respect to the number of shares determined by the committee. Dividend equivalents are subject to

other terms and conditions determined by the committee.

Performance Awards. The committee may grant awards under the 2005 incentive plan that are intended to qualify as performance-based compensation within the meaning of Section 162(m) of the Code. A performance award may be payable in cash or stock and will be conditioned solely upon the achievement of one or more objective performance goals established by the committee in compliance with Section 162(m) of the Code. In order to comply with Section 162(m) of the Code, under the 2005 incentive plan, the committee is required to certify that the applicable performance goals have been met prior to payment of any performance awards to participants. The maximum amount that may be paid with respect to performance awards to any participant in the aggregate in any calendar year is \$5,000,000 in value, whether payable in cash, stock (other than stock options) or other property. Subject to this limitation, the committee has sole discretion to designate participants and the type and amount of awards under the 2005 incentive plan. The committee must determine the length of the performance period, establish the performance goals for the performance period, and determine the amounts of the performance awards for each participant no later than 90 days after the beginning of each performance period according to the requirements of Section 162(m) of the Code.

Performance goals must be based solely on one or more of the following business criteria, applied on a corporate, subsidiary, division, business unit or line of business basis: sales, revenue, costs, expenses, earnings (including one or more of net profit after tax, gross profit, operating profit, earnings before interest and taxes, earnings before interest, taxes, depreciation and amortization and net earnings), earnings per share, earnings per share from continuing operations, operating income, pre-tax income, operating income margin, net income, margins (including one or more of gross, operating and net income margins), returns (including one or more of return on actual or proforma assets, net assets, equity, investment, capital and net capital employed), stockholder return (including total stockholder return relative to an index or peer group), stock price, economic value added, cash generation, cash flow, unit volume, working capital, market share, cost reductions and strategic plan development and implementation. The measure of performance may be set by reference to an absolute standard or a comparison to specified companies or groups of companies, or other external measures. The committee may establish rules during the first 90 days of a performance period to permit the committee to adjust any evaluation of the performance under the applicable goals to exclude the effect of certain events, including asset write-downs; litigation or claim judgments or settlements; changes in tax law, accounting principles or other such laws or provisions affecting reported results; severance, contract termination and other costs related to exiting certain business activities; and gains or losses from the disposition of businesses or assets or from the early extinguishment of debt.

Stock Awards. The committee may grant unrestricted shares of our common stock, subject to terms and conditions determined by the committee and the limitations in the 2005 incentive plan.

Other Stock-Based Awards. The committee is also authorized to grant other types of awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to our common stock, subject to terms and conditions determined by the committee and the limitations in the 2005 incentive plan.

Duration, Termination and Amendment. Unless discontinued or terminated by the Board, the 2005 incentive plan will expire on May 10, 2015. No awards may be made after that date. However, unless otherwise expressly provided in an applicable award agreement, any award granted under the 2005 incentive plan prior to expiration may extend beyond the expiration of the 2005 incentive plan through the award's normal expiration date.

The Board may amend, alter, suspend, discontinue or terminate the 2005 incentive plan at any time, although stockholder approval must be obtained for any action that would increase the number of shares of our common stock available under the 2005 incentive plan, increase the award limits under the 2005 incentive plan, permit awards of options or SARs at a price less than fair market value, permit repricing of options or SARs, or cause Section 162(m) of the Code to become unavailable with respect to the 2005 incentive plan. Stockholder approval is also required for any action that requires stockholder approval under the rules and regulations of the SEC, the NYSE or any other securities exchange or the National Association of Securities Dealers, Inc. that are applicable to us.

Prohibition on Repricing Awards

Without the approval of our stockholders, the committee will not reprice, adjust or amend the exercise price of any options or the grant price of any SAR previously awarded, whether through amendment, cancellation and replacement grant or any other means, except in connection with a stock dividend or other distribution, including a stock split,

merger or other similar corporate transaction or event, in order to prevent dilution or enlargement of the benefits, or potential benefits intended to be provided under the 2005 incentive plan.

Transferability of Awards

Unless otherwise provided by the committee, awards under the 2005 incentive plan may only be transferred by will or by the laws of descent and distribution.

Federal Income Tax Consequences

Grant of Options and SARs. The grant of a stock option or SAR is not expected to result in any taxable income for the recipient.

Exercise of Options and SARs. Upon exercising a non-qualified stock option, the optionee must recognize ordinary income equal to the excess of the fair market value of the shares of our common stock acquired on the date of exercise over the exercise price, and we will generally be entitled at that time to an income tax deduction for the same amount. The holder of an incentive stock option generally will have no taxable income upon exercising the option (except that an alternative minimum tax liability may arise), and we will not be entitled to an income tax deduction. Upon exercising a SAR, the amount of any cash received and the fair market value on the exercise date of any shares of our common stock received are taxable to the recipient as ordinary income and generally deductible by us.

Disposition of Shares Acquired Upon Exercise of Options and SARs. The tax consequence upon a disposition of shares acquired through the exercise of an option or SAR will depend on how long the shares have been held and whether the shares were acquired by exercising an incentive stock option or by exercising a non-qualified stock option or SAR. Generally, there will be no tax consequence to us in connection with the disposition of shares acquired under an option or SAR, except that we may be entitled to an income tax deduction in the case of the disposition of shares acquired under an incentive stock option before the applicable incentive stock option holding periods set forth in the Code have been satisfied.

Awards Other than Options and SARs. As to other awards granted under the 2005 incentive plan that are payable either in cash or shares of our common stock that are either transferable or not subject to substantial risk of forfeiture, the holder of the award must recognize ordinary income equal to (a) the amount of cash received or, as applicable, (b) the excess of (i) the fair market value of the shares received (determined as of the date of receipt) over (ii) the amount (if any) paid for the shares by the holder of the award. We will generally be entitled at that time to an income tax deduction for the same amount.

As to an award that is payable in shares of our common stock that are restricted from transfer and subject to substantial risk of forfeiture, unless a special election is made by the holder of the award under the Code, the holder must recognize ordinary income equal to the excess of (i) the fair market value of the shares received (determined as of the first time the shares become transferable or not subject to substantial risk of forfeiture, whichever occurs earlier) over (ii) the amount (if any) paid for the shares by the holder of the award. We will generally be entitled at that time to an income tax deduction for the same amount.

Income Tax Deduction. Subject to the usual rules concerning reasonable compensation, including our obligation to withhold or otherwise collect certain income and payroll taxes, and assuming that, as expected, stock options, SARs and certain other performance awards paid under the 2005 incentive plan are qualified performance-based compensation within the meaning of Section 162(m) of the Code, we will generally be entitled to a corresponding income tax deduction at the time a participant recognizes ordinary income from awards made under the 2005 incentive plan.

Application of Section 16. Special rules may apply to individuals subject to Section 16 of the Exchange Act. In particular, unless a special election is made pursuant to the Code, shares received through the exercise of a stock option or SAR may be treated as restricted as to transferability and subject to a substantial risk of forfeiture for a period of up to six months after the date of exercise. Accordingly, the amount of any ordinary income recognized and the amount of our income tax deduction will be determined as of the end of that period.

Application of Section 409A of the Code. The committee will administer and interpret the 2005 incentive plan and all award agreements in a manner consistent with the intent to satisfy the requirements of Section 409A of the Code to avoid any adverse tax results thereunder to a holder of an award. If any provision of the 2005 incentive plan or any award agreement would result in such adverse consequences, the committee may amend that provision or take other necessary action to avoid any adverse tax results and no such action will be deemed to impair or otherwise adversely affect the rights of any holder of an award under the 2005 incentive plan.

Delivery of Shares for Tax Obligation. Under the 2005 incentive plan, the committee may permit participants receiving or exercising awards, subject to the discretion of the committee and upon such terms and conditions as it may impose, to deliver shares of our common stock (either shares received upon the receipt or exercise of the award

or shares previously owned by the participant) to us to satisfy federal and state tax obligations.

New Plan Benefits

As described above, the award to Ms. Patsley was made under the 2005 incentive plan prior to the date of this Annual Meeting of Stockholders. Options to purchase only 500,000 of the 4.7 million shares granted to Ms. Patsley would not be forfeited if stockholders do not approve this Proposal 5.

The committee in its sole discretion will determine the number and types of awards that will be granted. Thus, it is not possible to determine the benefits that will be received by eligible participants in the future if the amended 2005 incentive plan were to be approved by the stockholders. The closing price of a share of our common stock as reported on the NYSE on March 16, 2009 was \$_____.

Historical Awards Under the 2005 Incentive Plan

The following table sets forth the number of common shares covered by options and other awards granted to the executive officers named in the Summary Compensation Table in this proxy statement, director nominees and the specified groups set forth below under the 2005 incentive plan as of February 18, 2009:

Name and Principal Position	Stock Options Granted	Restricted Stock Granted	Performance- Based Restricted Stock Granted	Restricted Stock Units Granted
Anthony P. Ryan, President and CEO, and director nominee	30,900	26,800		
Philip W. Milne, Former Chairman, President and CEO	102,500	41,560		
David J. Parrin, Executive Vice President and Chief Financial Officer	34,100	21,490		
Teresa H. Johnson, Executive Vice President, General Counsel and Secretary	18,100	6,310		
Daniel J. O Malley, Senior Vice President, Global Payment Systems/ President Americas	12,700	9,620		
Mary A. Dutra, Executive Vice President, Global Payment Processing and Settlement	16,600	8,610		
Thomas E. Haider, former Senior Vice President and Chief Compliance Officer	8,200	970		
All current executive officers as a group (13 persons)	4,865,900	79,171		
All current directors who are not executive officers as a group (7 persons)	10,000	1,000		6,600
Thomas M. Hagerty, director nominee				
Jess T. Hay, director nominee	2,500			2,200
Scott L. Jaeckel, director nominee				
Seth W. Lawry, director nominee				
Pamela H. Patsley, director nominee	4,700,000(1)			
Ganesh B. Rao, director nominee				
Othón Ruiz Montemayor, director nominee	5,000	1,000		2,200
Albert M. Teplin, director nominee	2,500			2,200
Each associate of the above-mentioned directors, executive officers or nominees				
Each other person who received or is to receive five percent of such awards	311,200	2,500		

All current employees (other than executive officers) as a group (81 persons)

- (1) Options to purchase only 500,000 of the 4.7 million shares granted to Ms. Patsley would not be forfeited if stockholders do not approve this Proposal 5.

Equity Compensation Plan Information

The following table provides information about our common stock that may be issued as of February 18, 2009 under the 2005 incentive plan and the 2004 incentive plan, which are our only existing equity compensation plans. The 2004 incentive plan was approved by Viad Corp (Viad), as our sole stockholder, prior to our becoming an independent public company on June 30, 2004 when all of our outstanding common stock was distributed to the stockholders of Viad in a tax-free spin-off transaction (referred to in this proxy statement as the Spin-Off). No further awards can be made pursuant to the 2004 incentive plan.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price (\$) of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by stockholders	7,664,379(1)	\$ 8.84	6,284,881(2)(3)
Equity compensation plans not approved by stockholders			
Total	7,664,379(1)	\$ 8.84	6,284,881(2)(3)

(1) Column (a) does not include any restricted stock awards that have been issued under the 2005 incentive plan or the 2004 incentive plan or any stock units granted under any deferred compensation plan that are payable in shares of common stock issued under the

2005 incentive plan. As of February 18, 2009, 38,054 shares of restricted stock granted under the 2005 incentive plan and 0 shares of restricted stock granted under the 2004 incentive plan were outstanding. Options to purchase only 500,000 of the 4.7 million shares granted to Ms. Patsley would not be forfeited if stockholders do not approve this Proposal 5.

- (2) The numbers reflected in this column are based on the 7.5 million shares authorized for issuance under the 2005 incentive plan and do not include 4.2 million shares of Ms. Patsley's 4.7 million option award as such shares are subject to forfeiture pending stockholder approval of this

Proposal 5.

- (3) Securities remaining available for future issuance under equity compensation plans may be issued in any combination of securities, including options, rights, restricted stock, dividend equivalents and unrestricted stock.

Board Voting Recommendation

The Board recommends to the stockholders that they vote FOR this Proposal 5. The vote required to make certain amendments to the 2005 incentive plan is a majority of the voting power of the common stock and B Stock outstanding and entitled to vote at the 2009 Annual Meeting of Stockholders, voting together as a single class, provided the total number of shares that vote on the proposal represents a majority of the shares of common stock and B Stock outstanding on the record date.

Affiliates of THL have provided an executed Proxy appointing Teresa H. Johnson, the Corporation's Executive Vice President, General Counsel and Secretary, as attorney and proxy to vote their shares FOR certain of the amendments to the 2005 incentive plan at this annual meeting of stockholders. In addition, holders of the B Stock, who hold approximately 80.8 percent of the voting power of our stock, voting together as a single class with the common stockholders, have indicated their intention to vote in favor of this Proposal 5, thereby assuring its approval.

PROPOSAL 6: ELECTION OF DIRECTORS

Board Structure and Composition

The Company's Amended and Restated Certificate of Incorporation currently requires that directors of the Company be divided into three classes, as nearly equal in number as possible. Directors are elected for staggered terms of three years. If a vacancy occurs during the year, the vacant directorship may be filled by the affirmative vote of a majority of the remaining directors for a term expiring at the annual meeting of stockholders at which the term of office of the class to which such director has been elected expires. Each director holds office until a successor has been duly elected and qualified.

Prior to the Capital Transaction. Prior to the Capital Transaction, the Board was comprised of eleven members: Messrs. Monte E. Ford and Jess T. Hay, Ms. Judith K. Hofer, Messrs. Donald E. Kiernan, Robert C. Krueger and Philip W. Milne, Ms. Linda Johnson Rice and Messrs. Douglas L. Rock, Othón Ruiz-Montemayor, Albert M. Teplin and Timothy R. Wallace. Mr. Hay, Ms. Hofer, Messrs. Kiernan, Krueger and Milne, Ms. Johnson Rice and Messrs. Rock, Teplin and Wallace had served as directors of MoneyGram since the Spin-Off. Mr. Ford was appointed by the Board on August 17, 2006 in accordance with our bylaws to fill a newly created vacancy and was subsequently elected by our stockholders. Mr. Ruiz-Montemayor was appointed by the Board on August 18, 2005 in accordance with our Bylaws to fill a newly created vacancy and was subsequently elected by our stockholders.

Upon Completion of the Capital Transaction. Upon completion of the Capital Transaction, seven members of the Board agreed to resign and the Board appointed the Board Representatives, such that the size of the Board totaled six members and was comprised of two Board Representatives, three Independent Directors (as defined below) and Mr. Milne, the Company's former Chairman, President and Chief Executive Officer (CEO). An Independent Director means a director who has been nominated or approved by directors who are unaffiliated with the Investors, who was a member of the Board prior to the closing of the Capital Transaction (or a replacement thereof) and who satisfies all standards for independence under the NYSE listing standards, the Company's Corporate Governance Guidelines and any other applicable laws. Messrs. Hay, Ruiz-Montemayor and Teplin serve on the Board as the Independent Directors. Resignations were tendered and accepted from Mmes. Hofer and Johnson Rice and Messrs. Ford, Kiernan, Krueger, Rock and Wallace, effective on March 25, 2008 following the consummation of the Capital Transaction and the filing of the Company's Annual Report on Form 10-K for the year ended December 31, 2007 (the 2007 Form 10-K). On March 25, 2008, pursuant to the rights provided to THL in the Purchase Agreement, the Board elected two Board Representatives, Messrs. Scott L. Jaeckel and Seth W. Lawry, effective immediately following the filing of the 2007 Form 10-K. Each of Messrs. Jaeckel and Lawry were appointed as Class III directors with terms expiring at the 2010 Annual Meeting of Stockholders. In order to comply with the provisions of the Company's Amended and Restated Certificate of Incorporation requiring that the members of the Board be divided into three classes, as nearly equal in number as possible, Messrs. Hay and Teplin, both directors with terms expiring at the 2010 Annual Meeting of Stockholders, tendered their resignations and were immediately reappointed to the Board with different terms expiring at the 2009 Annual Meeting of Stockholders (Class II Director) and the 2008 Annual Meeting of Stockholders (Class I Director), respectively. As the Company did not hold an annual meeting of stockholders in 2008, our Bylaws provide that those directors with a term expiring at the 2008 Annual Meeting of Stockholders continue in office until their successors are elected and qualified. Mr. Ruiz-Montemayor continued as a member of the Board following the Capital Transaction as a Class II Director. On June 19, 2008, Mr. Milne resigned from his position on the Board. On November 19, 2008, pursuant to the rights provided to the Investors in the Purchase Agreement, the Board set the number of directors at nine and elected two additional Board Representatives, Messrs. Thomas M. Hagerty (designee of THL) and Ganesh B. Rao (designee of THL). Mr. Hagerty was appointed as a Class III Director and Mr. Rao was appointed as a Class II Director. On January 21, 2009, the Board elected Pamela H. Patsley and Anthony P. Ryan to fill the two remaining vacancies on the Board, each as a Class I Director. If Proposal 4 is approved, the Board will be declassified upon the filing of a Certificate of Amendment to our Amended and Restated Certificate of Incorporation with the Delaware Secretary of State and each director of the Company will stand for election for a term expiring at the 2010 Annual Meeting of Stockholders. If Proposal 4 is not approved, our Board will remain classified and three directors will stand for election for a three-year term (Class II Directors) and three directors will stand for election for a two-year term (Class I Directors).

The Purchase Agreement provides that the Investors are entitled to appoint that number of directors as is proportionate to the Investors' common stock ownership, calculated on a fully-converted basis (assuming the conversion of all shares of Series B Stock into common stock). If Proposal 3 is approved, the Board initially will have nine members, with THL's four Board Representatives having approximately 16 votes out of a total of 21 votes on the Board. Information about the nominees for election as directors is set forth below.

Majority Vote Standard. In November 2007, the Board of Directors approved an amendment to our bylaws to require directors to be elected by the majority of the votes cast with respect to such director in uncontested elections. A majority of the votes cast means that the voting power of the common stock voted FOR a director must exceed the voting power of the common stock cast AGAINST that director. In a contested election, a situation in which the number of nominees exceeds the number of directors to be elected as of a date that is 14 days in advance of the date of filing of the definitive proxy statement, the standard for election of directors would be a plurality of the voting power of the common stock represented in person or by proxy at any such meeting and entitled to vote on the election of directors. A plurality means that the nominees receiving the highest percentage of voting power of the common stock would be elected.

If a nominee who is serving as a director is not elected at the annual meeting, under Delaware law the director would continue to serve on the Board as a holdover director. However, under our bylaws, any director who fails to be elected must offer to tender his or her resignation to the Board. The Corporate Governance and Nominating Committee will then make a recommendation to the Board whether to accept or reject the resignation, or whether other action should be taken. The Board will act on the Corporate Governance and Nominating Committee's recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date the election results are certified. The director who tenders his or her resignation will not participate in the Board's decision. If a nominee who was not already serving as a director is not elected at the annual meeting, under Delaware law that nominee would not become a director and would not continue to serve on the Board as a holdover director. All nominees for the election of directors at the 2009 Annual Meeting of Stockholders are currently serving on the Board.

Director Nominees

If the stockholders approve Proposal 4, the following individuals are nominated as directors for terms expiring at the 2010 Annual Meeting of Stockholders: Ms. Patsley and Messrs. Hagerty, Hay, Jaeckel, Lawry, Rao, Ruiz Montemayor, Ryan and Teplin. They are all currently serving as directors of the Company.

If the stockholders do not approve Proposal 4, Ms. Patsley and Messrs. Ryan and Teplin (Class I directors) are nominated as directors for terms expiring at the 2011 Annual Meeting of Stockholders, Messrs. Hay, Rao and Ruiz Montemayor (Class II directors) are nominated as directors for terms expiring at the 2012 Annual Meeting of Stockholders and Messrs. Hagerty, Jaeckel and Lawry (Class III directors) will continue in office for terms expiring at the 2010 Annual Meeting of Stockholders.

Each of the nominees has consented to being named in this proxy statement, and to serve as a director if elected. Each nominee elected as a director will continue in office until his or her successor has been elected and qualified or until his or her death, resignation or retirement. We expect each nominee for election as a director to be able to serve. If any nominee is not able to serve, proxies will be voted in favor of the remaining nominees and may be voted for another person nominated by the Board.

Thomas M. Hagerty Mr. Hagerty is a Managing Director at THL and has been with that firm since 1988. He currently serves as a director of MGIC Investment Corp., a private mortgage insurance company; Fidelity Sedgwick Holdings, Inc., a claims processing company; Hawkeye Energy Holdings LLC, an energy company; Fidelity National Financial, Inc., a title insurance company; and Fidelity National Information Services, Inc., a financial processing company. Age 46.

Jess T. Hay Mr. Hay has served as Chairman of the Texas Foundation for Higher Education, a non-profit organization promoting higher education in the State of Texas, since 1987 and as Chairman of HCB Enterprises Inc., a private investment firm, since 1995. In January 1995, Mr. Hay retired after 29 years of service as Chairman and Chief Executive Officer of Lomas Financial Corporation, a diversified financial services company formerly engaged principally in mortgage banking, retail banking, commercial leasing and real estate lending, Lomas Mortgage USA, a mortgage banking institution, and Lomas & Nettleton Mortgage Investors, a real estate investment trust. He retired from service on the

board of SBC Communications Inc. (n/k/a AT&T Inc.), a telephone, wireless and data communications company, in 2004 and from service on the board of directors of Exxon Mobil Corporation, a petroleum production and refining company, in 2001. He is currently a director of Trinity Industries, Inc., a diversified industrial manufacturing company, and Viad, a travel and recreation service, exhibition and event services company. Age 77.

Scott L. Jaeckel

Mr. Jaeckel is a Managing Director at THL. Mr. Jaeckel worked at Thomas H. Lee Company (n/k/a THL) from 1994 to 1996, rejoining in 1998. From 1992 to 1994, Mr. Jaeckel worked at Morgan Stanley & Co. Incorporated, a global financial services company, in the Corporate Finance Department. He currently serves as a director of Ceridian Corporation, a processing services company; Paramax Capital Group I, LLC, a private capital company; Fidelity Sedgwick Holdings, Inc.; and Warner Music Group Corp., a music publishing company. Age 38.

Seth W. Lawry

Mr. Lawry is a Managing Director at THL. He is a director of various private and non-profit institutions. Mr. Lawry worked at Thomas H. Lee Company (n/k/a THL) from 1989 to 1990, rejoining in 1994. From 1987 to 1989 and 1992 to 1994, Mr. Lawry worked at Morgan Stanley & Co. Incorporated, a global financial services company, in the Mergers & Acquisitions, Corporate Finance and Equity Capital Markets Departments. He currently serves as a director of Warner Music Group Corp. Age 44.

Pamela H. Patsley

Ms. Patsley has been Executive Chairman of the Company since January 2009. Prior to that, Ms. Patsley served as Senior Executive Vice President of First Data Corporation, a global payment processing company, from March 2000 to October 2007, and President of First Data International from May 2002 to October 2007. From 1991 to 2000, Ms. Patsley served as President and Chief Executive Officer of Paymentech, Inc., prior to its acquisition by First Data Corporation. Ms. Patsley also served as Chief Financial Officer of First USA, Inc. She currently serves as a director of the Molson Coors Brewing Company, a beverage company, Texas Instruments, Inc., an electronics company, and Dr. Pepper Snapple Group, Inc., a beverage company. Age 52.

Ganesh B. Rao

Mr. Rao is a Principal at THL. He worked at THL from 2000 to 2002, rejoining in 2004. From 1998 to 2000, Mr. Rao worked at Morgan Stanley & Co. Incorporated, a global financial services company, in the Mergers & Acquisitions Department. Age 32.

*Othón Ruiz
Montemayor*

Mr. Ruiz is Chairman of Grupo Valores Operativos Monterrey S.A.P.I. de C.V. and Grupo Inversiones Monterrey S.A. de C.V., private investment groups with interests in non-banking finance, real estate, reinsurance brokerage and natural gas exploration, positions he has held since 2004. Additionally, he is the Chairman of the Executive Board of the Forum de las Culturas, an international cultural event that was held in Monterrey, Mexico in September 2007, a position he has held since September 2006. Mr. Ruiz was Chief Executive Officer of Grupo Financiero Banorte, S.A. de C.V., an integrated financial and banking group in Mexico, from 1996 to 2004. Prior to that, he served in various positions at Fomento Económico Mexicano, S.A. de C.V., a holding company whose principal businesses include the production and distribution of beverages and packaging materials, operation of convenience stores and logistics management, including Chief Financial Officer from 1974 until 1985 and Chief Executive Officer from 1985 until 1995. Mr. Ruiz also served as Chairman of the Board of Directors of Banregio Grupo Financiero, S.A. de C.V., a financial and banking group headquartered in Monterrey, Mexico, until September 2006. Age 64.

Anthony P. Ryan

Mr. Ryan has been President and CEO of the Company since January 2009. Prior to that, Mr. Ryan served as Executive Vice President and Chief Operating Officer since November 2007. He previously served as Executive Vice President/President, Global

Payment Products and Services from August 2006 to November 2007, Executive Vice President/Division President Global Funds Transfer from November 2005 to August 2006 and Vice President and General Manager of Global Funds Transfer from 2001 to November 2005. Mr. Ryan previously served as Chief Financial Officer from 1997 to 2001 and as Controller from 1996 to 1997. Prior to joining the Company, Mr. Ryan spent 10 years at First Data Corporation, serving most recently as Director of Finance. Age 46.

Albert M. Teplin

Mr. Teplin is an economist and since 2003 has served as a consultant to the Board of Governors of the Federal Reserve System, the U.S. Department of Commerce, the International Monetary Fund, the European Central Bank and the Bank of Japan. Mr. Teplin served as Senior Economist for the Board of Governors of the Federal Reserve System from 2001 to 2003 and was Chief of the Flow

of Funds Section of the Board of Governors of the Federal Reserve System from 1989 to 2001. Mr. Teplin is also a director of Viad. Age 62.

Board Voting Recommendation

The Board recommends to the stockholders that they vote **FOR** the election of each director nominee. Each director nominee receiving a majority of the voting power of the common stock will be elected as a director. This means that the voting power of the common stock voted **FOR** a director nominee must exceed the voting power of the common stock voted **AGAINST** that director nominee in order for that nominee to be elected as a director. Shares not present at the meeting and shares voting **ABSTAIN** have no effect on the election of directors.

Holders of the B Stock, who hold approximately 80.8 percent of the voting power of our stock, voting together as a single class with the common stockholders, have indicated their intention to vote in favor of the director nominees listed this Proposal 6, thereby assuring approval.

BOARD OF DIRECTORS AND GOVERNANCE

Corporate Governance Guidelines

Our Board has adopted Corporate Governance Guidelines that describe:

corporate values and ethical business conduct;

duties of directors;

Board operations and committee matters;

director qualifications and selection process;

director compensation;

director independence standards;

CEO evaluation;

management succession;

process for stockholders or other interested parties to communicate with directors; and

annual Board evaluations.

The Guidelines are available in the Investor Relations section of our website at www.moneygram.com. Copies of the Guidelines are also available in print to any stockholder who submits a request to MoneyGram International, Inc., 1550 Utica Avenue South, Suite 100, Minneapolis, Minnesota 55416, Attention: Corporate Secretary.

Board Meetings

The Board held four regular and 21 special meetings during 2008. Each director attended at least 75 percent of the aggregate number of meetings of the Board and meetings of the committees on which the director served.

Director Independence

Because more than 50 percent of the voting power of our stock is held by the Investors, the Company has elected to be treated as a controlled company for purposes of the NYSE listing standards. As a result, the NYSE listing standards do not require our Board to be comprised of at least a majority of independent directors or our Human Resources and Nominating Committee to be comprised entirely of independent directors.

The NYSE listing standards do, however, require our Audit Committee to be comprised entirely of independent directors. The NYSE listing standards also require our Board to make a formal determination each year as to which of our directors are independent.

The Board has determined that the following directors are independent within the meaning of the NYSE listing standards, applicable SEC regulations and the categorical standards for independence contained in our Corporate Governance Guidelines: Messrs. Hay, Ruiz Montemayor and Teplin. The Board has adopted categorical standards to assist in the making of determinations of independence. The following commercial or charitable relationships will not be considered to be material relationships that would impair a director's independence: (a) if the director is an executive officer or employee, or their immediate family member is an executive officer, of another company that does business with MoneyGram or its affiliates and the annual sales to, or purchases from, MoneyGram or its affiliates are less than the greater of \$1.0 million or one percent of the other company's annual consolidated gross revenues; (b) if the director is an executive officer of another company which is indebted to MoneyGram, or to which MoneyGram is indebted, and the total amount of either company's indebtedness to the other is less than one percent of the total consolidated assets of the company that he or she serves as an executive officer; or (c) if the director serves as an officer, director or trustee of a charitable organization and MoneyGram's annual charitable contributions to the organization are less than the greater of \$200,000 or one percent of that organization's total annual charitable receipts, which shall not include MoneyGram's automatic matching of director charitable contributions.

Board Committees

Until closing of the Capital Transaction, the Board had four committees: Audit Committee, Corporate Governance and Nominating Committee, Finance and Investment Committee and Human Resources Committee. The Corporate Governance and Nominating Committee held one special meeting in 2008 prior to the Capital Transaction. The Finance and Investment Committee held one regular and one special meeting in 2008 prior to the Capital Transaction. The Human Resources Committee held one regular and two special meetings in 2008 prior to the Capital Transaction. After the closing of the Capital Transaction and the resulting decrease in the size of the Board, the Board disbanded the Finance and Investment Committee and combined the Corporate Governance and Nominating Committee and Human Resources Committee to form the Human Resources and Nominating Committee. As a result, the Board currently maintains two committees: Audit Committee and Human Resources and Nominating Committee. The Audit Committee has been established in accordance with Section 3(a)(58)(A) of the Exchange Act. As a controlled company under the NYSE listing standards, MoneyGram is not required to maintain separate compensation and nominating committees. The Audit Committee held seven regular and three special meetings in 2008. The Human Resources and Nominating Committee held three regular and two special meetings in 2008. The Board has adopted a separate written charter for each committee that is available in the Investor Relations section of our website at www.moneygram.com. Copies of the committee charters are also available in print to any stockholder who submits a request to MoneyGram International, Inc., 1550 Utica Avenue South, Suite 100, Minneapolis, Minnesota 55416, Attention: Corporate Secretary.

Each committee of the Board reports regularly to the full Board and annually evaluates its own performance. The committees meet periodically during the year, usually in conjunction with regular meetings of the Board. The Audit Committee also meets to review quarterly earnings and related press releases and to review our management's discussion and analysis for inclusion in our quarterly reports on Form 10-Q and our annual report on Form 10-K filed with the SEC. The primary responsibilities of the committees are summarized below.

Audit Committee. Through closing of the Capital Transaction, the Audit Committee was comprised of Mr. Kiernan (Chair), Ms. Hofer and Messrs. Rock and Teplin. Upon closing of the Capital Transaction and through 2008, the Audit Committee was comprised of Messrs. Teplin (Chair), Hay and Ruiz Montemayor.

The Audit Committee appoints our independent registered public accounting firm and assists the Board in monitoring the quality and integrity of our financial statements, our compliance with legal and regulatory requirements and the independence and performance of our internal auditor and our independent registered public accounting firm. From time to time, the Audit Committee meets in executive session with our independent registered public accounting firm. The independent registered public accounting firm reports directly to the Audit Committee.

Membership on the Audit Committee is limited to independent directors and the Board has determined that each member of that committee is an independent director within the meaning of the NYSE listing standards, applicable SEC regulations and the categorical standards for independence contained in our Corporate Governance Guidelines. The Board has determined that all members of the Audit Committee are financially literate under the NYSE listing standards and that Mr. Teplin qualifies as an audit committee financial expert under the rules of the SEC.

Human Resources and Nominating Committee. Through closing of the Capital Transaction, the Human Resources Committee was comprised of Mr. Hay (Chair), Mmes. Hofer and Johnson Rice and Mr. Wallace, and our Corporate Governance and Nominating Committee was comprised of Ms. Johnson Rice (Chair) and Messrs. Hay, Krueger and Wallace. Upon closing of the Capital Transaction, the Human Resources Committee and Corporate Governance and Nominating Committee were combined to form the Human Resources and Nominating Committee which is comprised of Messrs. Lawry (Chair), Hay and Jaeckel.

The Human Resources and Nominating Committee oversees development and implementation of a compensation strategy designed to enhance profitability and fundamental value. The Human Resources and Nominating Committee also reviews and approves the salary and other compensation of the Executive Chairman, the President and CEO and the other executive officers, as well as compensation of non-employee directors. It also determines incentive compensation targets and awards under various compensation plans and makes grants of stock options and other awards under our stock incentive plans, including grants of equity compensation to non-employee directors. The Human Resources and Nominating Committee has retained Hewitt Associates, LLC (Hewitt) as its compensation consultant. In 2008, Hewitt assisted the Human Resources and Nominating Committee with an evaluation of the Company's peer group and executive compensation matters.

The Human Resources and Nominating Committee is also responsible for recommending to the Board a slate of directors for election by the stockholders at each annual meeting and for proposing candidates to fill any vacancies on the Board. The Human Resources and Nominating Committee is also responsible for an assessment of the Board's performance. The Human Resources and Nominating Committee reviews, and from time to time proposes changes to, our Corporate Governance Guidelines and the compensation and benefits of non-employee directors.

Meetings of Non-Management Directors

The Board schedules regular executive sessions of the non-management directors. Through April 25, 2008, Mr. Hay served as the Presiding Director, presiding at executive sessions of the non-management directors. After the closing of the Capital Transaction and the resulting decrease in the size of the Board, the Board determined there was no longer a need for the position of Presiding Director. The Board now chooses one of its members to preside over each executive session of non-management directors. In 2008, the Board held four executive sessions of the non-management directors, which included all directors except Mr. Milne.

Meetings of and Voting by Independent Directors

Under our Corporate Governance Guidelines and the NYSE listing standards, the Board schedules an executive session of the Independent Directors at least annually. After the closing of the Capital Transaction, in accordance with each Certificate of Designations, Preferences and Rights of the Series B Stock, the Independent Directors are required to determine: (i) whether dividends on the Series B Stock should be paid quarterly in cash or accrued by the Company; (ii) the redemption of the Series B Stock by the Company; and (iii) any adjustment for unspecified action by the Company which would materially adversely affect the conversion rights of the holders of shares of the Series B Stock. In 2008, the Board held two executive sessions of the Independent Directors.

Attendance at Annual Stockholder Meetings

Under our Corporate Governance Guidelines, directors are expected to attend the annual meeting of stockholders, Board meetings and meetings of committees on which they serve. MoneyGram did not hold a 2008 Annual Meeting of Stockholders. All directors attended the 2007 Annual Meeting of Stockholders.

Director Nominations

Our Corporate Governance Guidelines describe the process for selection of director nominees, including desired qualifications. Although there are no minimum qualifications for nominees, a candidate for Board service must possess the ability to apply good business judgment, have demonstrated the highest level of integrity, be able to properly exercise the duties of loyalty and care in the representation of the interests of our stockholders and must be able to represent all of our stockholders fairly and equally. Candidates should also exhibit proven leadership capabilities, and experience in business, finance, law, education, technology or government. In addition, candidates should have an understanding regarding major issues facing public companies similar in scope to MoneyGram. Experience in payment or financial services would be an added benefit. Candidates must have, and be prepared to

devote, adequate time to the Board and its committees. The Human Resources and Nominating Committee will seek to promote through the nomination process an appropriate diversity on the Board of experience (including international experience), expertise, perspective,

age, gender and ethnicity. The Board will also consider the independence of a nominee under the NYSE listing standards, applicable SEC regulations and the Board's categorical standards for independence contained in our Corporate Governance Guidelines.

In general, candidates for membership as independent members of the Board are evaluated, regardless of the source of the nomination, by the Human Resources and Nominating Committee for recommendation to the Board in accordance with its charter and the procedures described in the Corporate Governance Guidelines. However, so long as the Investors or their affiliates own, in the aggregate, Series B Stock, D Stock or common stock representing an initial cost of not less than \$75 million, they are entitled to nominate and cause the Company to appoint replacements for their respective Board Representatives.

A stockholder making a nominating recommendation for the election of a director must ensure that the nomination complies with our Bylaw provisions on making stockholder proposals at an annual meeting. For information regarding stockholder proposals for our 2010 Annual Meeting of Stockholders, see the section entitled "Stockholder Proposals for the 2010 Annual Meeting" in this proxy statement.

Communications with the Board

Stockholders or other interested parties may communicate with our non-management directors as a group, committees of the Board or individual directors in writing and sent to the attention of the Corporate Secretary at the following address: MoneyGram International, Inc., 1550 Utica Avenue South, Suite 100, Minneapolis, Minnesota 55416. Upon receipt, the Corporate Secretary will forward all such correspondence, as appropriate. Complaints and concerns regarding MoneyGram may also be reported anonymously and confidentially via MoneyGram's Always Honest Hotline at 888-218-0282. The text of our Policy on Communications with the Board is contained in our Corporate Governance Guidelines, which are posted in the Investor Relations section of our website at www.moneygram.com. Copies of the Guidelines are also available in print to any stockholder who submits a request to MoneyGram International, Inc., 1550 Utica Avenue South, Suite 100, Minneapolis, Minnesota 55416, Attention: Corporate Secretary.

Code of Ethics

All of our directors and employees, including our principal executive officer, principal financial officer, principal accounting officer and controller, or persons performing similar functions, are subject to our Code of Ethics, our Always Honest policy and the provisions regarding corporate values and ethical business conduct contained in our Corporate Governance Guidelines. These documents are available in the Investor Relations section of our website at www.moneygram.com. Copies of these documents are also available in print to any stockholder who submits a request to MoneyGram International, Inc., 1550 Utica Avenue South, Suite 100, Minneapolis, Minnesota 55416, Attention: Corporate Secretary. The Company intends to disclose any amendment to, or waiver from, our Code of Ethics by disclosing such information on our website.

Policy and Procedures Regarding Transactions with Related Persons

The Audit Committee of the Board adopted our Policy and Procedures regarding Transactions with Related Persons. In accordance with our written policy, the Audit Committee is responsible for the review, approval or ratification of all transactions with related persons that are required to be disclosed under the rules of the SEC. Under the policy, a "related person" includes any of our directors or executive officers, certain of our stockholders and any of their respective immediate family members. The policy applies to transactions in which MoneyGram is a participant, a "related person" will have a direct or indirect material interest, and the amount involved exceeds \$120,000. Under the policy, management of MoneyGram is responsible for disclosing to the Audit Committee all material information related to any covered transaction prior to entering into the transaction. The Audit Committee may use any process and review any information that it determines is reasonable under the circumstances in order to determine whether the covered transaction is fair and reasonable and on terms no less favorable to MoneyGram than could be obtained in a comparable arms-length transaction with an unrelated third party.

In addition, the Purchase Agreement provides that the Company is not permitted to engage in any Affiliated Transaction (as defined in the Purchase Agreement) with the Investors, or take certain other specified actions, without approval of the Independent Directors (as defined in the Purchase Agreement).

Transactions with Related Persons

Messrs. Hay and Teplin also serve as members of the Board of Viad. Mmes. Hofer and Johnson Rice and Messrs. Kiernan, Rock and Wallace, all former directors of the Company who served during 2008 and until the closing of the Capital Transaction, previously served as members of the Board of Viad.

In June 2004, we entered into various agreements with Viad governing our division of liabilities in connection with the Spin-Off, including, but not limited to, an Employee Benefits Agreement and a Tax Sharing Agreement. In connection with the Spin-Off and pursuant to the Employee Benefits Agreement, all liabilities under the Deferred Compensation Plan for Directors of Viad Corp (the Viad director deferred compensation plan) were transferred to MoneyGram. As directors or former directors of Viad, Mmes. Hofer and Johnson Rice and Messrs. Hay, Kiernan, Rock, Teplin and Wallace are participants in the Viad director deferred compensation plan. Deferred accounts under such plan ceased receiving contributions on June 30, 2004, but are credited by MoneyGram quarterly with dividend equivalents (when declared), 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 are payable after a director ceases to be a member of both the Viad and MoneyGram Boards of Directors. MoneyGram accrued, for the benefit of participants in the Viad director deferred compensation plan, an aggregate of \$103,523 in 2008 in interest and dividends in connection with such liabilities. Upon resignation from the Company's Board on March 25, 2008, the resigning directors were entitled to receive distribution of all amounts previously accrued under the Viad director deferred compensation plan, the Deferred Compensation Plan for Directors of MoneyGram International, Inc. (the 2004 director deferred compensation plan) and the 2005 Deferred Compensation Plan for Directors of MoneyGram International, Inc. (the 2005 director deferred compensation plan), as applicable to each director. The following amounts were distributed under the Viad director deferred compensation plan: Ms. Hofer: \$1,700,154; Ms. Johnson Rice: \$255,214; Mr. Kiernan: \$221,520; Mr. Rock: \$496,305; and Mr. Wallace: \$220,615. Also, the following amounts were distributed in cash under the 2004 director deferred compensation plan and the 2005 director deferred compensation plan: Mr. Ford: \$17,034; Ms. Hofer: \$15,151; Ms. Johnson Rice: \$15,151; Mr. Kiernan: \$74,192; Mr. Krueger: \$17,039; Mr. Rock: \$112,502; and Mr. Wallace: \$95,260. In addition, 2,200 shares of common stock which were deferred under the 2005 director deferred compensation plan were distributed to each of Mr. Ford, Mmes. Hofer and Johnson Rice and Messrs. Kiernan, Krueger, Rock and Wallace. All amounts distributed under the aforementioned plans represented compensation and the related earnings or appreciation that had previously been deferred by the director. In addition, in conjunction with the Spin-Off, MoneyGram assumed liability for the Viad Director's Charitable Award Program (the Charitable Award Program). The liability assumed by MoneyGram includes (i) payment of monies to the charitable organization designated by the applicable director upon death and as provided in the Charitable Award Program and (ii) payment of premiums, or reduction in cash surrender value, on life insurance policies taken out by Viad on certain of the members of the Viad Board covered by the Charitable Award Program (including Mmes. Hofer and Johnson Rice and Messrs. Hay, Rock and Wallace) to fund benefits under the program. Viad has assigned such life insurance policies to MoneyGram and MoneyGram is now the beneficiary of such policies. In 2008, the cash surrender value decreased by approximately \$45,000 in lieu of payment of premiums, and MoneyGram made payments totaling \$100,000 to certain charitable organizations designated by a deceased director of Viad.

Equity Purchase Agreement

To effect the Capital Transaction, on March 17, 2008, we entered into the Purchase Agreement with the Investors, and on March 25, 2008, we completed the transactions contemplated by the Purchase Agreement. Pursuant to the Purchase Agreement, we, among other things, sold to the Investors 495,000 shares of B Stock and 265,000 shares of B-1 Stock for an aggregate purchase price of \$760,000,000. The B Stock was issued to THL and the B-1 Stock was issued to Goldman Sachs.

The Purchase Agreement contains customary public company representations and warranties by us to the Investors and customary representations and warranties from the Investors to us. We agreed in the Purchase Agreement to indemnify the Investors and certain parties related to the Investors from and against damages relating to the authorization, execution, delivery and performance of the Purchase Agreement and documents related to the Purchase Agreement.

The Investors have been provided with certain rights with respect to representation on and observation of the Board and committees of the Board, which has resulted in a change to the composition of the majority of the Board. For additional information, see Proposal 6: Election of Directors Board Structure and Composition in this proxy statement. Additionally, the Investors are entitled to appoint that number of directors as is proportionate to the Investors' common stock ownership, calculated on a fully-converted basis (assuming the conversion of all shares of

Series B Stock into common stock). For so long as the Investors are entitled to appoint Board Representatives, the Investors shall also be entitled to representation on all committees of the Board, with a minimum of one Board Representative serving on each committee of the Board, subject to certain exceptions and applicable laws and regulations. For additional information, see Proposal 3: Amendment to Amended and Restated Certificate of Incorporation to Provide for Proportional Voting of Directors in this proxy statement.

The Series B Stock provides for payment of a cash dividend of ten percent, or, at the Company's option, we may accrue dividends at a rate of 12.5 percent in lieu of paying a cash dividend. Dividends may be accrued for up to five years from the date of the Capital Transaction. After five years, if we are unable to pay the dividends in cash, dividends will accrue at a rate of 15 percent. To date, the Company has accrued all dividends on the Series B Stock and expects it will continue to do so for the foreseeable future. The Series B Stock also participates in dividends with the common stock on an as-converted basis. The B Stock is convertible into shares of common stock of the Company at a price of \$2.50 per share, subject to adjustment. The B-1 Stock is automatically converted into B Stock upon transfer to any stockholder other than Goldman Sachs and its affiliates. While held by Goldman Sachs and its affiliates, the B-1 Stock is convertible into D Stock, which is a non-voting common equivalent stock.

The Series B Stock may be redeemed at the option of the Company if, after five years from the date of the Capital Transaction, the common stock trades above \$15.00, subject to adjustment, for a period of thirty consecutive trading days. The Series B Stock is redeemable at the option of the Investors after ten years and upon a change of control. The B Stock votes as a class with the common stock and the holders have a number of votes equal to the number of shares of common stock issuable if all outstanding shares of B Stock were converted plus the number of shares of common stock issuable if all outstanding shares of B-1 Stock were converted into B Stock and subsequently converted into common stock. As of the record date, the holders of B Stock have approximately 80.8 percent of the voting power of our stock. The B-1 Stock held by Goldman Sachs is non-voting stock except for the rights of Goldman Sachs to vote on specific actions as set forth in the Certificate of Designations, Preferences and Rights of the B-1 Stock of the Company. Each share of B-1 Stock will automatically convert into one share of B Stock upon transfer to any holder other than the Goldman Sachs Group.

The Purchase Agreement also provides that at this 2009 Annual Meeting of Stockholders we must seek approval of the amendments to our Amended and Restated Certificate of Incorporation described in Proposals 1, 3 and 4.

Equity Registration Rights Agreement

The Company and the Investors also entered into a Registration Rights Agreement (the "Equity Registration Rights Agreement") on March 25, 2008, with respect to the Series B Stock and D Stock, and the common stock owned by the Investors and their affiliates (collectively, the "Registrable Securities"). Under the terms of the Equity Registration Rights Agreement, we are required, after a specified holding period, to use our reasonable best efforts to promptly file with the SEC a shelf registration statement relating to the offer and sale of the Registrable Securities. We are obligated to keep such shelf registration statement continuously effective under the Securities Act of 1933, as amended (the "Securities Act"), until the earlier of (1) the date as of which all of the Registrable Securities have been sold, (2) the date as of which each of the holders of the Registrable Securities is permitted to sell its Registrable Securities without registration pursuant to Rule 144 under the Securities Act and (3) fifteen years. The holders of the Registrable Securities are also entitled to five demand registrations and unlimited piggyback registrations during the term of the Equity Registration Rights Agreement.

Note Purchase Agreement and Indenture

In connection with the anticipated completion of the Capital Transaction, our wholly-owned subsidiary, MoneyGram Payment Systems Worldwide, Inc. ("Worldwide"), entered into a second amended and restated note purchase agreement (the "Second Amended Note Purchase Agreement") dated as of March 17, 2008, with affiliates of Goldman Sachs (the "Initial Purchasers") and THL Credit Partners L.P., a Delaware limited partnership ("THL CP"). Pursuant to the Second Amended Note Purchase Agreement, the Initial Purchasers acquired from Worldwide \$500 million aggregate principal amount of its 13.25 percent senior secured second lien notes due 2018 (the "Notes") pursuant to an indenture (the "Indenture"), by and among MoneyGram, Worldwide, the other guarantors party thereto and Deutsche Bank Trust Company Americas, a New York banking corporation, as trustee and collateral agent (the "Trustee"). On April 7, 2008, THL CP acquired \$20 million aggregate principal amount of the Notes from the Initial Purchasers.

The interest rate on the Notes is 13.25 percent per year unless interest is capitalized, in which case the interest rate increases to 15.25 percent. Prior to March 25, 2011, the Company has the option to capitalize interest of 14.75 percent, but must pay in cash 0.50 percent of the interest payable. To date, the Company has paid all interest under the Notes as currently due, and expects that it will continue to do so, barring unforeseen circumstances. The Notes contain covenants that, among other things, limit the Company's ability to: incur or guarantee additional

indebtedness; pay dividends or make other restricted payments; make certain investments; create or incur certain liens; sell assets or subsidiary stock; transfer all or substantially all of their assets or enter into merger or consolidation transactions and enter into transactions with affiliates. The covenants also substantially restrict the Company's ability to

incur additional debt, create or incur liens and invest assets that are subject to restrictions for the payment of payment service obligations. The Company is also required to maintain at least a 1:1 ratio of certain assets to outstanding payment service obligations.

The Company can redeem the Notes after five years at specified premiums. Prior to the fifth anniversary, the Company may redeem some or all of the Notes at a price equal to 100 percent of the principal amount thereof, plus accrued and unpaid interest, if any, plus a premium equal to the greater of one percent or an amount calculated by discounting the sum of (a) the redemption payment that would be due upon the fifth anniversary plus (b) all required interest payments due through such fifth anniversary using the treasury rate plus 50 basis points. Upon a change of control, the Company is required to make an offer to repurchase the Notes at a price equal to 101 percent of the principal amount plus accrued and unpaid interest. The Company is also required to make an offer to repurchase the Notes with proceeds of certain asset sales that have not been reinvested in accordance with the terms of the Note or have not been used to repay certain debt.

Notes Registration Rights Agreement

In connection with the issuance of the Notes, MoneyGram, Worldwide, the other guarantors party thereto and the Initial Purchasers entered into a registration rights agreement (the Notes Registration Rights Agreement), pursuant to which we and the other guarantors party thereto have agreed, upon the occurrence of certain events, to file a registration statement under the Securities Act to register the resale of the Notes by certain holders thereof.

Capital Transaction and Related Fees

In connection with the Capital Transaction, we paid total transaction costs of approximately \$61,900,000 to, or on behalf of, the Investors. Included in this amount is \$20,000,000 and approximately \$7,700,000 of fees and expenses, respectively, paid to THL and \$22,500,000 and approximately \$4,200,000 of fees and expenses, respectively, paid to Goldman Sachs. Also included in this amount is \$7,500,000 paid to the Goldman Sachs Group on behalf of the Investors and at the direction of Goldman Sachs for an investment banking advisory fee payable to Goldman Sachs. In lieu of cash, this fee was paid through the issuance of 7,500 shares of B-1 Stock to the Goldman Sachs Group pursuant to a Subscription Agreement dated March 25, 2008. Since the closing of the Capital Transaction until December 2008, we have reimbursed certain legal expenses and out-of-pocket expenses incurred by THL and Goldman Sachs in connection with their oversight of and consultation with the Company in the areas of information technology and operations, and various corporate matters, including Board matters, litigation, public disclosure, and ongoing business structuring and transactions. Amounts reimbursed on behalf of THL totaled approximately \$669,000, and on behalf of Goldman Sachs totaled approximately \$372,000.

HUMAN RESOURCES AND NOMINATING COMMITTEE REPORT

The Human Resources and Nominating Committee of the Board has reviewed and discussed with management the Compensation Discussion and Analysis section that follows and, based on such review and discussion, has recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement.

Respectfully Submitted,

Seth W. Lawry (Chair)

Jess T. Hay

Scott L. Jaeckel

COMPENSATION DISCUSSION AND ANALYSIS

Overview

Through closing of the Capital Transaction on March 25, 2008, the Human Resources Committee of the Company's Board of Directors, comprised of Mr. Hay (Chair), Mmes. Hofer and Johnson Rice and Mr. Wallace, administered and made decisions regarding the Company's executive compensation and benefit programs. Upon closing of the Capital Transaction, the Company's former Human Resources Committee and the former Corporate Governance and Nominating Committee were merged into the Human Resources and Nominating Committee which is comprised of Messrs. Lawry (Chair), Jaekel and Hay. Certain changes were also made to the Committee charter, giving the Committee the authority to determine CEO compensation. References to the Committee throughout the Compensation Discussion and Analysis are to the Human Resources Committee for periods prior to March 25, 2008 and to the Human Resources and Nominating Committee for periods after March 25, 2008.

The following discussion should be read in conjunction with the Summary Compensation Table and related tables and narrative disclosure under Executive Compensation in this proxy statement that describe the compensation of the Company's President and CEO and the other current and former executive officers named in the Summary Compensation Table (the Named Executives). The Named Executives for 2008 are Anthony P. Ryan, who during 2008 served as Executive Vice President and Chief Operating Officer (interim principal executive officer) and as of January 21, 2009 was appointed President and CEO and a member of the Company's Board of Directors; Philip W. Milne, former Chairman of the Board, President and CEO; David J. Parrin, Executive Vice President and Chief Financial Officer; Teresa H. Johnson, Executive Vice President, General Counsel and Secretary; Daniel J. O'Malley, Senior Vice President, Global Payment Systems/President Americas; Mary A. Dutra, Executive Vice President, Global Payment Processing and Settlement; and Thomas E. Haider, former Senior Vice President and Chief Compliance Officer. Mr. Milne and MoneyGram mutually agreed that Mr. Milne's employment with MoneyGram and its subsidiaries would terminate effective June 19, 2008. Mr. Haider and MoneyGram mutually agreed that Mr. Haider's employment with MoneyGram and its subsidiaries would terminate effective May 23, 2008. For a description of the separation arrangements of Messrs. Milne and Haider, see footnotes 12 and 13, respectively, to the Details Behind all Other Compensation Column Table under Executive Compensation in this proxy statement. The Company realized substantial net securities losses in its investment portfolio during the latter half of 2007 and first quarter of 2008, which resulted in the Capital Transaction on March 25, 2008. The losses had a significant impact on the Committee's decisions for 2008 executive compensation. The Committee considered these events, the concentration of the substantial securities losses in the investment portfolio, the performance of the Company's operating units excluding the losses and the need to retain key operating personnel, when determining 2008 executive compensation.

Executive Compensation Philosophy and Objectives

Generally, the objectives of the Company's executive compensation and benefit program are to:

- support growth and long-term value creation for stockholders;

- align compensation with short-term and long-term business and financial objectives

- encourage the highest level of performance and accountability for the overall success of MoneyGram;

- position MoneyGram competitively in an effort to recruit, from a scarce talent pool, high-caliber, experienced leaders and managers critical to the Company's long-term success; and

- support the long-term retention of the Company's executives in order to maximize opportunities for teamwork, continuity of management and overall effectiveness.

Each element of the Company's executive compensation and benefit program is designed to support and advance these general objectives.

Roles of the Committee, Outside Compensation Advisor and Management in Compensation Decisions

The Committee's goal is to assist the Company's Board of Directors in fulfilling its oversight responsibilities related to setting, monitoring and implementing the Company's compensation strategy and programs. The Committee holds meetings from time to time, as needed, throughout the year and may also consider and take action by written consent in lieu of meeting.

Prior to the changes to the Committee Charter on March 25, 2008, the Committee had the authority to review and approve the compensation for the Company's executive officers, including the Named Executives. Following the Charter Amendment, the Committee is responsible for approving all of the Named Executives' base salaries, annual cash incentive and long-term incentives

(together referred to as Direct Compensation) and other benefits and perquisites provided. The Committee is also responsible for recommending compensation for the CEO to the Board of Directors.

The Committee meets annually to conduct a comprehensive review of Named Executives compensation. For the Named Executives other than the CEO, the Committee gives serious consideration to the recommendations of the CEO. These recommendations are based on the Company and individual performance evaluations, competitive market data and feedback provided by the Company s human resources staff and Hewitt Associates, LLC (Hewitt), the Committee s outside compensation advisor. In 2008, following the Capital Transaction, the Committee s review process focused on merit and market adjustment increases in salary and annual incentives.

Hewitt reports directly to the Committee and works collaboratively, as directed by the Chairman of the Committee and with management. Hewitt s primary responsibilities include providing market data and interpretation, information on executive compensation best practices and trends and context for recommendations on executive compensation packages for the Named Executives. The Committee periodically evaluates Hewitt s ability to provide independent advice and after review in 2008, concluded that Hewitt was independent with regard to its services to the Committee because (i) it reported directly to the Committee and the Committee could solicit advice and consultation without management s direct involvement and (ii) its scope of service was primarily related to work requested by the Committee. The Committee was aware of instances when Hewitt provided information to management that was relevant to the compensation of employees other than Named Executives and believed such services were immaterial and did not compromise Hewitt s independence.

Analytical Tools and Considerations for Setting Compensation

The Committee considered a variety of information in setting compensation, including Company performance, competitive market data and the individual circumstances of the particular Named Executive, such as tenure, experience, individual performance and internal equity. Analytical tools used and the Company s individual performance evaluation process are described in more detail below.

Competitive Benchmarking

To ensure that the Company s compensation programs are fair and competitive in the marketplace, the Committee typically reviews and evaluates specific compensation levels for each Named Executive relative to market data on an annual basis. The analysis involves reviewing data from two sources: (1) a custom peer group and (2) broad-based executive compensation surveys.

The Committee approves a custom peer group of publicly traded companies that the Committee believes are representative of the executive talent pool for which we compete on the basis of industry focus, as well as scope of operations (the Compensation Peer Group). The data from this Compensation Peer Group is utilized when considering executive compensation. The market data is adjusted to account for size differences between MoneyGram and the companies in the Compensation Peer Group. The adjustment uses a revenue-based regression technique to compare MoneyGram s revenue, adjusted when appropriate, to that of the Compensation Peer Group.

The companies in the 2008 Compensation Peer Group, as selected in November, 2007, were:

A.G. Edwards & Sons, Inc.	Convergys Corporation	Fiserv, Inc.	Synovus Financial Corp
Axiom Corporation	Cullen/Frost Bankers Inc.	Global Payments Inc.	Total System Services Inc.
Advanta Corporation	DST Systems, Inc.	Heartland Payment Systems, Inc.	TransUnion, LLC
Alliance Data Systems Corp	efunds Corporation	Jones Lang Lasalle Inc.	Western Union Company
Alliant Techsystems Inc.	Equifax Inc.	Lawson Software, Inc.	
ChoicePoint Inc.	Euronet Worldwide, Inc.	Marshall & Ilsley Corporation	
CME Group Inc.	Fidelity National Info Svcs	Mastercard Inc.	

Elements of Compensation

Prior to 2008, the Company's executive compensation and benefits program consisted of the elements outlined in the table below:

Direct Compensation	Other Compensation
Base salary	Change of control severance agreements
Annual cash incentives	Non-qualified deferred compensation
Long-term incentives	Supplemental executive retirement plan
	401(k) plan
	Welfare benefits
	Perquisites

During 2008, the Committee either deferred consideration or changed certain compensation elements on a prospective basis, for long-term incentives and severance agreements as described more fully below.

Base Salary

Base salary provides a level of competitive compensation necessary to attract and retain high-caliber, top-executive talent. Increases to base salary for the Company's Named Executives may be comprised of merit, promotion or market adjustments. Merit increases are determined on an annual basis, usually in the first quarter, reflecting performance for the previous year. Promotions and market adjustments to base salary are considered by the Committee when appropriate, throughout the year.

Base salary increases for the Company's Named Executives are generally determined by the Committee based on competitive benchmarking data, CEO recommendations (other than for the CEO), individual performance evaluations and salary increase guidelines set by the Committee. Prior to 2008, the Committee targeted the base salary for the Company's Named Executives at the median (50th percentile) of the Compensation Peer Group and nationally recognized broad based executive compensation surveys, which reflected its belief that this competitive level of base pay was warranted based on the demands placed on the Company's Named Executives. Named Executives could be paid above or below the median depending on their individual performance and experience. Salary increase guidelines for 2008 were tied directly to competitive compensation data and individual performance.

The only adjustments to annual base salary rates for the Named Executives in 2008 were as follows: Mr. Ryan and Ms. Johnson received a 5.2 percent and 10.2 percent increase, respectively, effective May 2008, based on their considerable experience, responsibilities, value to the Company, and in consideration of competitive compensation market data. Mr. O'Malley received a 6 percent merit increase effective April 2008, based on his individual performance and achievement of operating objectives.

Annual Cash Incentive Plan

The annual cash incentive plan was designed to focus Named Executives on achieving the annual financial goals, and, by extension, to drive value creation for shareholders. The Committee established a target incentive opportunity for each Named Executive that was expressed as a percentage of base salary paid during the applicable year. Annual incentive payments could exceed the targeted level, up to a maximum percentage of twice the annual target incentive opportunity, if performance exceeded targeted levels. At the threshold level, the annual target incentive opportunity is decreased by 50 percent, and could decrease to zero if performance falls below threshold levels. Actual cash incentive awards depended on achievement of annual performance goals established by the Committee for MoneyGram, and overall individual performance. The Committee, with input from management, determined the financial objectives for the Named Executives in order to place the appropriate focus on desired results and key initiatives.

On March 24, 2008, the Board of Directors of MoneyGram amended and restated the annual cash incentive plan. The amendment authorized the Committee to establish a limit on the annual bonus to be paid to each participant in the annual cash incentive plan based on performance goals selected from those included in the stockholder-approved 2005 incentive plan. The amendment also provided the Committee the ability, in its discretion, to pay bonuses less than the established limits based on factors that the Committee determines.

The Committee reviewed annual incentive targets to ensure market competitiveness of the Company's executive compensation program. On May 7, 2008, the Committee increased annual incentive targets for Mr. Ryan (from

60 percent to 65 percent of base earnings) and Ms. Johnson and Mr. O Malley (from 50 percent to 55 percent of base earnings), based on its review of the competitive market data.

On May 7, 2008 the Committee determined the 2008 target award opportunity for each Named Executive under the annual cash incentive plan as follows:

Target Opportunity

Name	Percent of Base Earnings
Anthony P. Ryan	65%
David J. Parrin	60%
Teresa H. Johnson	55%
Daniel J. O Malley	55%
Mary A. Dutra	50%
Former Officers	
Philip W. Milne	100%
Thomas E. Haider	40%

Performance Metrics and Results

In 2008, the key corporate financial objectives and weighting were: net revenue 20 percent; earnings before interest, taxes, depreciation and amortization (EBITDA), adjusted for certain items as approved by the Committee (Adjusted EBITDA) 60 percent; and capital expenditure efficiency, including payment of agent signing bonuses 20 percent. The target performance level for net revenue, Adjusted EBITDA and capital expenditure efficiency were \$699.8 million, \$216.1 million and less than \$145.0 million, respectively. Threshold levels are set such that they may be attained with satisfactory company performance. Maximum levels are set such that they may only be attained with exceptional company performance. The threshold and maximum performance levels for net revenue varied from target by approximately 1 percent. The threshold and maximum performance levels for Adjusted EBITDA varied from target by approximately 3 to 4 percent. The capital expenditure efficiency requirement for threshold was reduced by 3.5 percent from target and was the same as target at maximum. The 2008 level of achievement for the Named Executives was 160 percent of target, based on achievement of the maximum levels of Adjusted EBITDA at \$223.6 million and capital expenditure efficiency at \$114.4 million, and achievement of net revenue below the threshold level.

Funding Limits

An annual incentive funding limit is established for each Named Executive based on EBITDA of MoneyGram. Once the formula has been applied, the Committee may adjust the actual incentive amounts in accordance with the annual cash incentive plan but not in excess of the funding limit for Named Executives. The Committee did not exercise any discretion to adjust actual incentives for Named Executives upward or downward in 2008.

Long-Term Incentives

The Committee did not grant any long-term incentive awards in 2008 due to continuing disruptions in the capital markets, and the re-positioning of certain of the Company's products and services. Moreover, the Committee determined it would be prudent to appoint a new CEO prior to the determination of any long-term incentives. Historically, the Committee granted performance-based stock units under the MoneyGram International, Inc. Performance Unit Incentive Plan (performance-based stock unit plan). For the 2006-2008 performance period, the key corporate financial objectives and weighting were 70 percent earnings per share and 30 percent net revenue. The threshold performance level for earnings per share and net revenue were \$1.30 and \$573,602, respectively. The target performance level for earnings per share and net revenue were \$1.49 and \$658,438, respectively. The maximum performance level for earnings per share and net revenue were \$1.62 and \$716,919, respectively. Due to substantial losses in the Company's investment portfolio, the performance-based stock unit plan financial objectives were not attained for the 2006-2008 performance period. Consequently, the Named Executives did not earn a payout under the performance-based stock unit plan for the performance period.

Restructuring Bonuses

On February 28, 2008, the Board of Directors of MoneyGram authorized the payment of discretionary restructuring bonuses, contingent upon the closing of a restructuring transaction of the Company. The contingent bonuses were intended to be paid to key employees who expended extraordinary efforts and were key to driving the restructuring of the Company, including each of the

Named Executives. Although the Company completed the Capital Transaction on March 25, 2008, restructuring bonuses were not paid to Messrs. Ryan, Milne, Parrin and Ms. Dutra. Restructuring bonuses in the amount of \$30,000 were paid to Messrs. O Malley and Haider and the restructuring bonus originally awarded to Ms. Johnson was reduced to \$100,000. These changes were made in order to adhere to the closing conditions of the Capital Transaction.

Other Compensation and Benefits

A portion of the Named Executives' compensation includes other market competitive, non-variable compensation and benefits. These programs help us effectively recruit and retain high-caliber talent, compete for talent with other companies that commonly offer similar programs and maximize the time that a Named Executive has available to focus on the Company's business.

Retirement Benefits and Deferred Compensation

The Company's retirement benefits and deferred compensation plans consist of the following:

the MoneyGram International, Inc. 401(k) Plan (the "401(k) plan");

the MoneyGram Pension Plan (the "pension plan");

the MoneyGram Supplemental Pension Plan (the "supplemental pension plan"); and

the MoneyGram International, Inc. Deferred Compensation Plan (the "deferred compensation plan").

Each of these plans is discussed in "Executive Compensation - Retirement Plans" and "Executive Compensation - Deferred Compensation Plans" in this proxy statement.

Perquisites

The objective of the Company's perquisites program is to provide certain benefits that help recruit and retain Named Executives. In 2008, certain of the Named Executives were eligible for, but may not have received, the following perquisites:

Executive Benefit	Description
Financial planning services	\$10,150 annually + tax gross up of ~\$5,000-\$6,000
Car allowance	\$14,400 annually for Mr. Milne; \$9,600 for each other Named Executive
Country club dues	Annual reimbursement ranging from \$4,026 to \$10,842
Personal use of company aircraft	For Mr. Milne, up to 25 hours of personal travel annually and additional time upon approval of the Chair of the Committee; as well as tax reimbursement for imputed income. For each other Named Executive, based on discretion of CEO.

Additional information on the value of perquisites offered to each Named Executive in 2008, as well as the valuation methods for such perquisites, can be found in "Executive Compensation - Summary Compensation Table" in this proxy statement.

Stock Ownership Guidelines and Policy Regarding Trading in Company Stock

Stock ownership guidelines were adopted in 2005 to further align the interests of approximately 15 of the Company's top executives with those of stockholders. Under the guidelines, certain executives were expected to acquire and hold common stock with a value equal to a multiple of their base salary as determined by their position: five times base salary for the CEO, three times base salary for all executives reporting to the CEO and 1.5 times base salary for other executives. Because the guidelines are set in dollars as a multiple of salary, and not as a number of shares, guideline compliance is sensitive to changes in stock price. Although the Company's executives had previously met or made meaningful progress according to the ownership guidelines, as a result of adverse business conditions and a related decline in stock price in 2007, none of the Company's executives are presently in compliance with their ownership guidelines. Accordingly, on September 4, 2008, the Board of Directors, upon recommendation of the Committee, temporarily suspended the stock ownership guidelines for executive officers and directors. The Committee acknowledged that stock ownership guidelines are desirable and guidelines will be re-considered when appropriate.

MoneyGram has policies and procedures for transactions in MoneyGram securities that are designed to ensure compliance with all insider trading rules. This policy also prohibits officers and directors from engaging in any transaction in which they may profit from short-term speculative swings in the value of MoneyGram securities, including short sales (selling borrowed securities that the seller

hopes can be purchased at a lower price in the future), short sales against the box (selling owned, but not delivered securities) and hedging transactions.

Severance Benefits

The Company's existing severance benefits were instituted prior to and in certain instances amended in connection with the Capital Transaction. The objective of the Company's severance benefits is to provide financial protection in the event of a change of control or other termination that could disrupt the careers of the Named Executives. The severance plan allows the Named Executives to focus on corporate performance and maximizing value for the benefit of stockholders, while alleviating the Named Executives concerns over possible loss of employment in the event of a change of control or other termination. Severance benefits provide an economic means for the Named Executives to transition away from MoneyGram employment.

The executive severance plan and special severance plan (referenced below) cover all Named Executives and certain other executives. Generally, executives hired following the Capital Transaction have not been eligible to participate in the executive severance plan or special severance plan. Participation by an executive in either plan requires approval by the Committee. For a description of the Company's executive severance plan and special severance plan, see Executive Compensation Severance Plans in this proxy statement.

Executive Severance Plan

The Amended and Restated MoneyGram International, Inc. Executive Severance Plan (Tier I and Tier II) (the executive severance plan) is how MoneyGram provides change of control severance benefits to the Named Executives.

Selected executives, including each of the Named Executives are eligible to participate in the executive severance plan. The executive severance plan provides that if within a specified period of time after a change of control of MoneyGram, the executives' employment is terminated either by MoneyGram without cause, or by the executive for good reason, then the executive will be entitled to a lump sum payment and certain other benefits.

In connection with the Capital Transaction, a number of amendments were made to the executive severance plan. First, the Committee determined that the Capital Transaction did not constitute a change of control under the compensation plans of the Company, including, without limitation, the executive severance plan. Additionally, the amendments made to the executive severance plan eliminated the rights of Named Executives to voluntarily terminate employment without good reason (as defined in the executive severance plan) and receive benefits.

Special Severance Plan

The MoneyGram International, Inc. Special Executive Severance Plan (Tier I and Tier II) (the special severance plan), adopted in connection with the Capital Transaction on March 25, 2008, provides severance benefits to participating Named Executives whose employment is terminated either by MoneyGram without cause, or by the Named Executive for good reason, provided that the separation occurs within twenty-four months after the effective date of the Capital Transaction. The potential payments and benefits a Named Executive would receive under the special plans are reduced by the service period from the date of the Capital Transaction through the date of separation. The special severance plan expires on March 24, 2010.

Messrs. Milne and Haider received benefits under the special severance plan following termination of their employment.

Policy for Deductibility of Compensation

The Company's ability to deduct compensation expense for federal income tax purposes is subject to the limitations of Section 162(m) of the Internal Revenue Code (Code). Section 162(m) limits deductibility to \$1 million for certain executive officers unless certain conditions are met. To date, the Company has designed and administered its executive compensation and benefit program so that all compensation paid by MoneyGram to the Named Executives, other than severance, qualified as deductible compensation expense. Although the Committee was mindful of the limitation imposed by Section 162(m) of the Code, it also recognized that in subsequent periods facts and circumstances may render compliance with those limitations inappropriate, at odds with the best interests of MoneyGram or out of step with then prevailing competitive market conditions. In such event, the Committee's priority would be protection of MoneyGram's best interests rather than compliance with the technical limitations imposed by the Code.

Other Agreements

On May 27, 2008, the Company entered into a three-month Consulting Agreement with Mr. Haider under which Mr. Haider provided consulting services in the areas of government affairs and regulatory compliance. Mr. Haider received \$60,000 for services under the Consulting Agreement, which expired by its terms on August 27, 2008. Each of the Named Executives has entered into an Employee Trade Secret, Confidential Information and Post-Employment Restriction Agreement. Under this agreement, each Named Executive agrees to confidentiality and non-disparagement obligations that extend indefinitely. In addition, under this agreement, each Named Executive agrees to non-competition provisions not to solicit any of the Company's employees or customers for defined periods of time.

Clawbacks

Each plan affecting Direct Compensation provides that the Committee may seek reimbursement of incentives paid to a Named Executive if after payment it is determined that the Named Executive engaged in misconduct, acted in a manner significantly contrary to MoneyGram's interest or breached a non-competition agreement. To date, the Committee has not exercised this right with respect to any plan award previously paid.

2009 Compensation Decisions

Executive Chairman

On June 30, 2008, the Board of Directors engaged Heidrick & Struggles to conduct the search for the Chairman of the Board and CEO, and delegated authority to the Human Resources and Nominating Committee to manage the search process. After an extensive search and interview process by the Committee, the Board was presented with a slate of qualified candidates. On January 21, 2009, the Board of Directors appointed Pamela H. Patsley as Executive Chairman of the Company and elected her Chairman of the Board, and determined the CEO role would be separated. In connection with Ms. Patsley's appointment, she entered into an Employment Agreement with MoneyGram, effective January 21, 2009, which continues, subject to the agreement's termination provisions, for a period of four years. In determining Ms. Patsley's total compensation package, the Committee undertook an analysis of the scope and responsibilities of the position, as well as data from the Compensation Peer Group and broad-based executive compensation surveys. Under the terms of the Employment Agreement, Ms. Patsley is required to devote 50 percent of her time to MoneyGram, receive an initial annual base salary of \$500,000, subject to annual review. Ms. Patsley is eligible to receive the benefits generally provided to senior executives of the Company. Ms. Patsley will participate in the Company's annual incentive plan covering the other Named Executives. Her annual incentive target bonus opportunity will be 50 percent of base salary earnings, and could exceed the target level, up to a maximum percentage of twice the annual target incentive level, if performance exceeds the target level. If Ms. Patsley's employment is terminated for a reason other than cause (as defined in the agreement), death or disability, or if she terminates for good reason (as defined in the agreement) she is entitled to receive a severance allowance in an amount equal to one times her then-current base salary plus a pro rata portion of her then-current annual cash incentive target bonus. In addition, MoneyGram will continue certain benefits and accelerate the vesting of a portion of stock option awards. Under the agreement, Ms. Patsley is subject to a one-year post-employment non-