MONEYGRAM INTERNATIONAL INC
Form 10-K/A
April 30, 2008

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

Form 10-K/A
(Amendment No. 1)

(Mark One)

þ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2007.**

o **Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from to .**

Commission File Number: 1-31950
MONEYGRAM INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Delaware	**16-1690064**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
1550 Utica Avenue South, Suite 100, Minneapolis, Minnesota	**55416**
(Address of principal executive offices)	*(Zip Code)*

Registrant s telephone number, including area code
(952) 591-3000
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common stock, $0.01 par value	New York Stock Exchange

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No þ
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes o No þ
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ	Accelerated filer o	Non-accelerated filer o	Smaller reporting company o

(Do not check if a smaller reporting company)

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

The market value of Common Stock held by non-affiliates of the registrant, computed by reference to the last sales price as reported on the New York Stock Exchange as of June 29, 2007, the last business day of the registrant s most recently completed second fiscal quarter, was $2,295.3 million.

82,598,034 shares of Common Stock were outstanding as of March 31, 2008.

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-K/A (this Amendment) amends the Annual Report on Form 10-K for the fiscal year ended December 31, 2007 of MoneyGram International, Inc. (MoneyGram or the Company), originally filed on March 25, 2008 (the Original Filing). We are filing this Amendment to include the information required by Part III and not included in the Original Filing as we will not file our definitive proxy statement within 120 days of the end of our fiscal year ended December 31, 2007. In addition, in connection with the filing of this Amendment and pursuant to the rules of the Securities and Exchange Commission (SEC), we are including with this Amendment certain currently dated certifications of the Chief Executive Officer and Chief Financial Officer.

Except as described above, no other changes have been made to the Original Filing. The Original Filing continues to speak as of the date of the Original Filing.

DOCUMENTS INCORPORATED BY REFERENCE

None.

TABLE OF CONTENTS

		Page
	PART III.	
Item 10.	Directors, Executive Officers and Corporate Governance	2
Item 11.	Executive Compensation	5
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	31
Item 13.	Certain Relationships and Related Transactions, and Director Independence	36
Item 14.	Principal Accounting Fees and Services	39
	PART IV.	
Item 15.	Exhibits, Financial Statement Schedules	39
Signatures		40
Exhibit Index		41

Section 302 Certification of Chief Executive Officer
Section 302 Certification of Chief Financial Officer
Section 906 Certification of Chief Executive Officer
Section 906 Certification of Chief Financial Officer

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Controlled Company

Because more than 50% of our voting power is held by the Investors (as defined below), the Company has elected to be treated as a controlled company for purposes of the New York Stock Exchange listing standards.

Directors

There are currently six members of our Board of Directors. Three of the directors have served as directors of MoneyGram since it became an independent public company on June 30, 2004 when all of its outstanding Common Stock was distributed to the stockholders of Viad Corp (Viad) in a tax-free spin-off transaction (the Spin-Off). Mr. Othón Ruiz Montemayor was appointed by the Board on August 18, 2005 in accordance with our bylaws to fill a newly created vacancy and has since been elected by our stockholders. Messrs. Scott L. Jaeckel and Seth W. Lawry were appointed on March 25, 2008 by holders of our Series B Participating Convertible Preferred Stock (Series B Preferred Stock) in conjunction with the closing on the Company s recapitalization transaction (the Capital Transaction). See Equity Purchase Agreement under Item 13 to this Amendment to Annual Report on Form 10-K/A.

The Company s Amended and Restated Certificate of Incorporation requires that directors of the Company be divided into three classes, as nearly equal in number as possible. In connection with the Capital Transaction, resignations from seven directors were received, two additional directors resigned and were appointed to a different class and two directors were appointed by holders of our Series B Preferred Stock to the class with terms expiring at the Company s 2010 Annual Meeting of Stockholders.

Table of Contents

The following information as to our directors, as of April 30, 2008, is based upon our records and information furnished to us by the directors:

Jess T. Hay *3-year term expiring in 2009*	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 1994, Mr. Hay retired after 29 years of service as Chief Executive Officer of Lomas Financial Corporation, a financial services company. 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 the board of Exxon Mobil Corporation, a petroleum refining company, in 2001. He is currently a director of Trinity Industries, Inc., an industrial transportation company, and Viad, a travel and recreation services, exhibition and event services company. Age 77.
Scott L. Jaeckel *3-year term expiring in 2010*	Mr. Jaeckel is a Managing Director at Thomas H. Lee Partners, L.P. Mr. Jaeckel worked at Thomas H. Lee Company (n/k/a Thomas H. Lee Partners, L.P.) from 1994 to 1996, rejoining in 1998. From 1992 to 1994, Mr. Jaeckel worked at Morgan Stanley & Co. Incorporated in the Corporate Finance Department. He currently serves as a director of Ceridian Corporation, Paramax Capital Group, Fidelity Sedgwick Holdings, Inc., and Warner Music Group Corp. Age 37.
Seth W. Lawry *3-year term expiring in 2010*	Mr. Lawry is a Managing Director at Thomas H. Lee Partners, L.P. He is a director of various private and non-profit institutions. Mr. Lawry worked at Thomas H. Lee Company (n/k/a Thomas H. Lee Partners, L.P.) from 1989 to 1990, rejoining in 1994. From 1987 to 1989 and 1992 to 1994, Mr. Lawry worked at Morgan Stanley & Co. Incorporated in the Mergers & Acquisitions, Corporate Finance, and Equity Capital Markets departments. He currently serves as a director of Warner Music Group Corp. Age 43.
Philip W. Milne *3-year term expiring in 2008*	Mr. Milne currently serves as our Chairman of the Board, a position he has held since January 2007, and our President and Chief Executive Officer, positions he has held since June 2004. He is also currently the President and Chief Executive Officer of our principal operating subsidiary MoneyGram Payment Systems, Inc., a position he has held since 1996. Mr. Milne joined our predecessor company in 1991 and served as General Manager of the official check business from 1991 until early 1992, as Vice President, General Manager of the Payment Systems segment from 1992 until early 1993 and as Vice President, General Manager of the Retail Payment Products group from 1993 to 1996. Age 48.
Othón Ruiz Montemayor *3-year term expiring in 2009*	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.
Albert M. Teplin *3-year term expiring in 2008*	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.

Executive Officers

Certain information concerning our executive officers is contained in the discussion entitled Executive Officers of the Registrant in Part I of our Annual Report on Form 10-K filed with the SEC on March 25, 2008. Effective April 8, 2008, Mr. Putney, one of MoneyGram s Named Executives (as defined below) for 2007, resigned as an officer of MoneyGram and its subsidiaries. For a description of Mr. Putney s separation and consulting arrangements, see footnote 2 to the Potential Payments and Benefits upon Termination following a Change of Control table under Item 11 to this Amendment to Annual Report on Form 10-K/A.

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.

Director Nominations

Due to the Capital Transaction, holders of our Series B Preferred Stock and Series B-1 Participating Convertible Preferred Stock (Series B-1 Preferred Stock) are entitled to certain rights with respect to representation on and observation of the Board of Directors and committees of the Board. See Equity Purchase Agreement under Item 13 to this Amendment to Annual Report on Form 10-K/A. There were no material changes to the procedures by which holders of our Common Stock may recommend nominees to our Board of Directors.

Audit Committee

The Board of Directors maintains a standing Audit Committee. The Audit Committee has been established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the Exchange Act), and is currently 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 Committee meets in executive session with our independent registered public accounting firm. The independent registered public accounting firm reports directly to the Committee.

The Board has determined that all members of the Audit Committee are financially literate under the listing standards of the New York Stock Exchange and that Albert M. Teplin, Chair of the Audit Committee, qualifies as an audit committee financial expert under the rules of the SEC.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires that our directors and executive officers, and persons who own more than 10 percent of a registered class of our equity securities, file reports of ownership and changes in ownership of our securities with the SEC and the New York Stock Exchange. Based on our records and written representations from reporting persons, we believe that all reports for directors and executive officers that were required to be filed were filed in 2007 on a timely basis, except for one Form 4 reporting one transaction that was filed late pertaining to Mr. Milne and one Form 4 reporting one transaction that was filed late pertaining to Mary A. Dutra.

Table of Contents

Item 11. EXECUTIVE COMPENSATION

HUMAN RESOURCES AND NOMINATING COMMITTEE REPORT

The Human Resources and Nominating Committee of the Board of Directors 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 of Directors that the Compensation Discussion and Analysis be included in this Amendment to Annual Report on Form 10-K/A.

Respectfully Submitted,
Seth W. Lawry (Chair)
Scott L. Jaeckel
Jess T. Hay

COMPENSATION DISCUSSION AND ANALYSIS

Overview

During 2007 and until the closing of the Capital Transaction on March 25, 2008, the Human Resources Committee of our Board of Directors, comprised of Jess T. Hay, Judith K. Hofer, Linda Johnson Rice and Timothy R. Wallace, administered and made decisions regarding our executive compensation and benefit programs. After the closing of the Capital Transaction, the Company s former Human Resources Committee and Corporate Governance and Nominating Committee were merged into the Human Resources and Nominating Committee which is comprised of the members set forth above. 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 the caption Executive Compensation that describe the compensation of our Chief Executive Officer (CEO) and the other executive officers named in the Summary Compensation Table (together with the CEO, the Named Executives). The Named Executives for 2007 are Philip W. Milne, Chairman of the Board, President and CEO; David J. Parrin, Executive Vice President and Chief Financial Officer; Anthony P. Ryan, Executive Vice-President and Chief Operating Officer; William J. Putney, Executive Vice President and Chief Investment Officer; and Mary A. Dutra, Executive Vice President, Global Payment Processing & Settlement.

Generally, the objectives of our executive compensation and benefit program are to:

- differentiate MoneyGram from our competitors in an effort to recruit, from a scarce talent pool, high-caliber experienced leaders and managers critical to our long-term success;
- support the long-term retention of our Named Executives in order to maximize opportunities for teamwork, continuity of management and overall effectiveness;
- encourage the highest level of performance and accountability for the overall success of MoneyGram;
- support growth and long-term value creation for our stockholders; and
- align compensation with short-term and long-term business and financial objectives.

Each element of our executive compensation and benefit program is designed to support and advance these general objectives.

As originally designed, our 2007 compensation and benefits program, which was established near the start of 2007, balanced the following key considerations:

- **Performance-based versus fixed compensation**. The proportion of total compensation that is performance-based or at risk for our Named Executives is significant, reflecting the scope and level of the Named Executives responsibilities and their related ability to impact positively company results. We require that higher levels of compensation be based on a combination of successful company and individual performance.

Long-term versus annual compensation. The amount of at-risk compensation that is long-term rather than annual is also higher for our Named Executives than for other employees, because these leaders have a greater influence on MoneyGram s strategic direction and long-term progress.

Cash versus equity compensation. We pay our executives in cash and equity to strike a balance between compensation that promotes stability and rewards for ongoing contributions (cash); and compensation that provides leverage, aligns our Named Executives interests with stockholders interests and rewards longer term performance (equity). We place lesser emphasis on the use of equity, but tie a portion of the value of cash compensation (performance-based stock units) to our stock price. In this way, we achieve stockholder alignment while managing stockholder dilution.

During 2007, we realized substantial net securities losses in our investment portfolio, which were negatively impacted by changes in the credit ratings of certain asset-backed securities or the underlying collateral supporting them. Those losses resulted in a material adverse impact on our financial results for 2007 and our capital. As a result, MoneyGram completed the Capital Transaction in the first quarter of 2008. As a result of the portfolio losses it became clear to the Committee in late 2007 that the Company-wide targets established by the Committee for most 2007 performance-based compensation would not be attained. Therefore, no awards were made to any members of our senior leadership team, which includes the Named Executives. In addition, a significant portion of the Named Executives compensation in previous years and 2007 was based on corporate equity. Thus, the losses had a significant impact on the Named Executives 2007 compensation.

The Committee carefully considered the narrow source of these substantial securities losses, the performance of our operating units without regard to the losses and the need to retain key operating personnel, and decided to award performance-based compensation to operating personnel (except as described above, to the senior leadership team, which includes the Named Executives) based on performance without regard to the financial impact of the portfolio losses. The amount of these operating personnel awards was generally 90% of the target incentive.

As a result of the Capital Transaction, it is contemplated that changes will occur to certain of MoneyGram s compensation plans and to the Named Executives 2008 and future compensation. Additionally, effective April 8, 2008, Mr. Putney, a Named Executive for 2007, resigned as an officer of MoneyGram and its subsidiaries. For a description of Mr. Putney s separation and consulting arrangements, see footnote 2 to the Potential Payments and Benefits upon Termination following a Change of Control table under Item 11 to this Amendment to Annual Report on Form 10-K/A below.

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

The Committee ensures that our executive compensation and benefits program are consistent with our compensation philosophy and other corporate goals and makes decisions regarding our Named Executives compensation and, subject to final approval from the Board of Directors, our CEO s compensation. It is responsible for approving the Named Executives base salaries, annual cash incentives and long-term incentives (together referred to as Direct Compensation) and analyzing other benefits and perquisites provided.

The Committee met four times during the fiscal year and conducted a comprehensive review of Named Executive compensation in February 2007. The Committee deliberated in executive session, without the presence of management or the Committee s outside compensation advisor, Hewitt Associates, LLC (Hewitt), to determine the level of Direct Compensation for the CEO to be recommended to the Board of Directors. The Board of Directors completed an annual performance evaluation on Mr. Milne in February 2007 and reviewed other internal performance evaluations, a competitive market analysis and information provided by our human resources staff and Hewitt. For the other Named Executives, the Committee took into consideration, and gave considerable weight to, the recommendations of the CEO, based on Company and individual performance evaluations, competitive market data and feedback provided by our human resources staff and Hewitt.

Hewitt reported directly to the Committee and worked collaboratively, as directed by the Committee, with the Chair of the Committee and with management. Hewitt s primary responsibilities included 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 evaluated Hewitt s ability to provide independent advice and, for 2007, concluded that Hewitt was independent with regard to its service 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 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 our individual performance evaluation process are described in more detail below.

Table of Contents

Tally Sheets

In February 2007, tally sheets were prepared and reviewed by the Committee for each Named Executive. The tally sheets set forth total Direct Compensation and benefits paid and potentially payable to each Named Executive, plus estimated pension benefits and aggregate equity holdings. While tally sheet review did not specifically influence the decisions the Committee made in setting Direct Compensation for Named Executives in 2007, the use of these tally sheets provided the Committee with a perspective on the total value of compensation and benefits for each Named Executive, including how these values change over time and in relation to changes in MoneyGram s stock price.

Competitive Benchmarking

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

The Committee reviewed compensation data from a custom peer group of 24 publicly traded companies that the Committee believed was representative of the executive talent pool for which we compete on the basis of industry focus, as well as scope of operations and geographic locale (the Compensation Peer Group). The market data reviewed in 2007 was adjusted to account for size differences between MoneyGram and the companies in the Compensation Peer Group. The adjustment used a revenue-based regression technique to compare MoneyGram s fiscal 2006 revenue of $1.2 billion to that of the Compensation Peer Group, which had median revenue of $1.8 billion. With respect to Mr. Putney, the Committee used alternative industry-specific information for investment professionals when assessing the competitive market for his compensation.

The companies in the Compensation Peer Group included:

Advanta Corp.	ChoicePoint, Inc.	First Data Corporation*	The Toro Company
A.G. Edwards & Sons, Inc.	Citigroup, Inc.*	Global Payments, Inc.	U.S. Bancorp*
Advo, Inc.	Convergys Corporation	Jones Lang LaSalle	Wells Fargo & Co.*
Alberto-Culver Company	DST Systems, Inc.	Lawson Software	
Alliant Techsystems, Inc.	eFunds Corporation	Marshall & Ilsley Corp.	
American Express Company*	Equifax, Inc.	Polaris Industries	
Ceridian Corporation	Fidelity National Info Svcs	Sabre Holdings Corp.	
Chicago Mercantile Exchange, Inc.	Fiserv, Inc.	Synovis Financial Corp.	

* Data used from these companies was for positions in comparably sized business units (not corporate positions).

The Committee generally maintained the continuity of the Compensation Peer Group from year to year. However, changes in the composition of the group sometimes occurred as companies entered or exited the publicly traded marketplace, were involved in mergers and acquisitions, experienced significant downward results, changed in relative size or geography or in instances in which compensation data was otherwise unavailable. Changes were made to the

2007 Compensation Peer Group consistent with the Committee s overall objectives described above. Specifically, the following changes were made:

Companies Added	Companies Removed
Advanta Corp.	Deluxe Corporation
Chicago Mercantile Exchange, Inc.	Church & Dwight
Choice Point, Inc.	
eFunds Corporation	
Jones Lang LaSalle	

The Committee also considered the most current annual survey data provided by nationally recognized third-party executive compensation surveys. The surveys reflected a broad-based review of companies in the financial services industry, and more generally. As with the Compensation Peer Group, these survey results were adjusted for MoneyGram s size. With respect to Mr. Putney, the Committee used investment industry surveys for benchmarking purposes.

Benchmarking Targets and Analysis

As part of its process to determine Named Executive s compensation opportunity, the Committee reviewed a range of external compensation opportunity defined as the 50^{th} and 75^{th} percentile of the competitive benchmarking data for comparable functional roles. The Committee used these ranges as a guide when setting each individual Named Executive s compensation opportunity. However, the placement of each Named Executive within this general range was set by the Committee based on experience and responsibilities, individual performance evaluations (described below) and input from the CEO (with respect to the Named Executives

Table of Contents

other than himself). The Committee also reviewed the relative value of each Named Executive within the Company, to align internal equity. The Committee may have positioned a Named Executive s Direct Compensation outside of the range for competitive reasons. Whether a Named Executive achieved the full compensation opportunity depended on MoneyGram s performance against the goals set by the Committee.

As a result of the Committee s compensation decisions for 2007, total Direct Compensation opportunity for each Named Executive compared to the external ranges was as follows:

50-55th Percentile	60-65th Percentile	65-70th Percentile
Philip W. Milne	Anthony P. Ryan	David J. Parrin*
William J. Putney		
Mary A. Dutra*		

* The position relative to market data excludes special awards of retention-based restricted stock to Mr. Parrin and Ms. Dutra, which the Committee considered to be outside the scope of their Direct Compensation opportunities.

Individual Performance Evaluations

The individual performance evaluation of the Named Executives is comprehensive and includes an assessment of the following key elements:

- the Named Executive s relative contribution towards the achievement of our financial and strategic objectives;
- the Named Executive s individual progress in core competency areas relevant to their responsibilities, such as leadership, communication, change management and innovation;
- the Named Executive s adherence to our corporate values, such as integrity, respect, teamwork, passion and courage; and
- feedback on the Named Executive from his or her manager, peers, direct reports and other relevant internal and external contacts.

Elements of Compensation

For 2007, our executive compensation and benefits program consisted of these principal components:

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

2007 Mix of Compensation Opportunity

Each Named Executive s Direct Compensation opportunity is allocated among various types of compensation based on our compensation philosophy. The table below illustrates how the primary components of the opportunity for Direct Compensation for our Named Executives in 2007 were allocated between performance and non-performance components, how the opportunity for performance-based compensation was allocated between annual and long-term components and how the opportunity for Direct Compensation was allocated between cash and equity. The Committee did not target a specific mix of compensation; rather, the percentages shown in the table below represent the outcome of the Committee s deliberations when setting the various elements of total compensation opportunity.

Table of Contents

2007 Fiscal Year Mix of Direct Compensation Opportunity

	Percent of Direct Compensation that is:		Percent of Performance-Based Compensation that is:		Percent of Direct Compensation that is:	
Name	Performance-Based (1)	Fixed (2)	Annual (3)	Long-Term (4)	Cash Based (5)	Equity Based (6)
Philip W. Milne	63%	37%	30%	70%	65%	35%
David J. Parrin(7)	55	45	30	70	70	30
Anthony P. Ryan(8)	54	46	31	69	71	29
William J. Putney(9)	55	45	30	70	70	30
Mary A. Dutra(7)	47	53	40	60	78	22

(1) Sum of annual cash incentives, performance-based stock units and stock options (valued using the Black-Scholes valuation methodology described in note 6 of the 2007 Grants of Plan-Based Awards Table below), divided by Direct Compensation.

(2) Sum of base salary and retention-based restricted stock, divided by Direct Compensation.

(3) Annual cash incentives divided by the sum of annual cash incentives and long-term incentives.

(4) Long-term incentives divided by the sum of

annual cash incentives and long-term incentives.

(5) Sum of base salary, annual cash incentives and performance-based stock units, divided by Direct Compensation. Performance-based stock units are denominated in Company stock, and paid out in cash. As a result, it is considered cash compensation instead of equity compensation.

(6) Sum of restricted stock and stock options, divided by Direct Compensation.

(7) Mr. Parrin s and Ms. Dutra s special restricted stock grant made in February 2007 for retention purposes is not included in this table.

(8) Numbers do not include an increase in Mr. Ryan s base salary due to his promotion to Executive Vice President and Chief Operating Officer, which occurred on November 14, 2007.

(9)

Mr. Putney s equity compensation opportunity included performance-based restricted stock.

2007 Compensation Target

The Committee established the following 2007 target compensation amounts for each Named Executive:

Name	2007 Targeted Annual Compensation
Philip W. Milne	$ 3,150,000
David J. Parrin	1,125,928
Anthony P. Ryan	1,161,000
William J. Putney	1,078,140
Mary A. Dutra	663,100

The 2007 target amount was comprised of base salary, stock options, restricted stock, performance-based stock units and payouts under the MoneyGram International, Inc. Amended and Restated Management and Line of Business Incentive Plan (annual cash incentive plan). For Mr. Putney, the target amount also included performance-based restricted stock.

The 2007 target amounts differ from the amounts reflected in the Summary Compensation Table because:

- the target amount includes an annual base salary number, while the Summary Compensation Table includes actual base salary paid for the calendar year;
- the target amount assumes that annual incentive compensation and performance-based stock units are earned at the target award level, while the Summary Compensation Table reflects that no incentives were earned in 2007;
- the target amount includes 2007 stock award grants valued on the basis of a Black-Scholes model on the grant date, while the Summary Compensation Table includes annual stock award expense; and
- the target amount does not include any one-time restricted stock grants used for purposes of retention under special circumstances, while the Summary Compensation Table includes compensation expenses during the year attributable to all awards.

Table of Contents

Base Salary

Base salary provides a level of competitive compensation necessary to attract and retain high quality talent. Base salary adjustments for our Named Executives are determined on an annual basis, in February, as well as at the time of a promotion or other change in responsibilities.

The Committee targeted the base salary for our Named Executives at the median (50th percentile) of the Compensation Peer Group, which reflected its belief that this competitive level of base pay was warranted, based on the demands placed on our Named Executives in view of MoneyGram s aggressive growth strategy. Named Executives may be paid above or below the median depending on their individual performance and experience.

Base Salary Analysis

Base salary increases for our Named Executives were determined by the Committee based on competitive benchmarking data, CEO recommendations (other than for himself), individual performance evaluations and salary increase guidelines set by the Committee. Our 2007 salary increase guidelines, which were tied directly to individual performance, generally provided for annual salary increases from zero to seven percent. Exceptions to this general practice are determined by the Committee.

Adjustments to annual base salary rates for the Named Executives in 2007 are summarized below:

Name	2006	2007	Percent Increase
Philip W. Milne	$650,000	$725,000	11.5(1)
David J. Parrin	356,000	375,580	5.5
Anthony P. Ryan	375,000	437,250	16.0(2)
William J. Putney	342,500	361,338	5.5
Mary A. Dutra	280,000	295,400	5.5

(1) Mr. Milne received an 11.5% base pay increase in February 2007 based on his outstanding contribution in leading MoneyGram to record results in earnings per share (+10.8%), revenue (+19.4%) and net income (+9.8%) in 2006. Mr. Milne also assumed the role of Chairman of the Board on January 1, 2007.

(2) Mr. Ryan s 2007 base salary increase was a

result of a merit increase and a promotion. Mr. Ryan received a 6% merit increase to base salary in February 2007 based on his outstanding individual performance in leading the Global Payment Systems business segment to 26.5% revenue growth in 2006. In November 2007, Mr. Ryan was promoted to Executive Vice President and Chief Operating Officer, which resulted in a 10% increase to base salary.

Annual Cash Incentive

The annual cash incentive plan is designed to focus Named Executives on achieving our annual business goals, which, if achieved, support growth and the creation of fundamental value for MoneyGram. The Committee established a target award 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 level, if performance exceeded targeted levels, and could decrease to zero if performance fell below minimum levels. Actual incentive awards depended on achievement of annual performance goals established by the Committee for MoneyGram or the relevant business segment, and overall individual performance. The Committee, with input from the CEO, determined the split between corporate and business segment objectives for each Named Executive in order to place the appropriate focus on desired results and key initiatives in any year.

The Committee reviewed annual incentive targets to maintain the competitiveness of our executive compensation program within our market for talent. In 2007, the Committee increased annual incentive targets for Mr. Milne (from 90% to 100%) and Messrs. Parrin, Ryan and Putney (from 55% to 60%), based on its review of the competitive market.

Due to the substantial losses in our investment portfolio during 2007 as described above, the annual cash incentive financial objectives were not attained. Consequently, the Named Executives did not earn an annual cash incentive payout in respect of 2007.

Table of Contents

The Committee determined the 2007 target award opportunity and the performance objective mix for each Named Executive under the annual cash incentive plan as follows:

	Target Opportunity	Performance Objective Mix	
Name	**(% of Base Earnings)**	**Overall Corporate**	**Business Segment**
Philip W. Milne	100%	100%	0%
David J. Parrin	60%	100%	0%
Anthony P. Ryan	60%	30%	50%Global Funds Transfer 20%Payment Systems
William J. Putney	60%	100%	0%
Mary A. Dutra	50%	100%	0%

Performance Metrics and Objectives

Prior to the beginning of the fiscal year, the Committee set the annual cash incentive plan performance objectives for 2007. The performance objectives for 2007 were:

MoneyGram Corporate & Global Funds Transfer Business Segment	Payment Systems Business Segment
Earnings per share 60% weighted	Earnings per share 40% weighted
Net revenue 15% weighted	Net revenue 15% weighted
Cash flow 15% weighted	Cash flow 15% weighted
Other goals 10% weighted	Other goals 30% weighted

Other goals consisted of key strategic and business segment initiatives as follows:

Corporate	Global Funds Transfer	Payment Systems
Successful implementation of the next phase of the enterprise risk management process Successful recruitment of key strategic leadership positions Continued compliance with Sarbanes-Oxley	Gross revenue new products target: $5,850,000	New revenue sources (15% weighted) target: $4,700,000 Customer balances from new official check customers (15% weighted) target: $450,000,000

Analysis and Committee Assessment of Performance

In 2007, the key financial objectives at the corporate and business segment levels and the potential payouts for achieving those objectives appear below. The Committee determined that no incentives were earned in 2007.

Corporate Objectives Potential Payout as a Percent of Target (in thousands, except per share data)

	50%	100%	200%
Earnings per share	$ 1.43	$ 1.50	$ 1.56
Net revenue	$628,117	$656,033	$697,908
Cash flow	$171,439	$180,893	$189,471
Other (see objectives described above)			

Global Funds Transfer Segment Objectives Potential Payout as a Percent of Target (in thousands, except per share data)

	50%	100%	200%
Earnings per share	$ 1.29	$ 1.34	$ 1.39
Net revenue	$543,057	$567,218	$603,459
Cash flow Consolidated	$171,439	$180,893	$189,471
Other (see objectives described above)			

Payment Systems Segment Objectives Potential Payout as a Percent of Target (in thousands, except per share data)

	50%	100%	200%
Earnings per share	$ 0.29	$ 0.30	$ 0.32
Net revenue	$ 84,412	$ 88,167	$ 93,800
Cash flow Consolidated	$171,439	$180,893	$189,471
Other (see objectives described above)			

Table of Contents

2008 Changes to Annual Cash Incentive Plan

On March 24, 2008, the Board of Directors of MoneyGram amended and restated the annual cash incentive plan. The plan, as amended and restated, will allow the Committee to establish performance goals that will determine maximum annual incentive bonuses which may be paid to the Company s executives, while maintaining the deductibility of annual bonuses payable to senior executives whose compensation is subject to Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code). The amendment authorizes 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 MoneyGram International, Inc. 2005 Omnibus Incentive Plan (the Omnibus Plan). The amendment also gives the Committee the ability, in its discretion, to pay bonuses less than the established limits based on factors that the Committee determines.

Long Term Incentives

Components and Objectives

We grant long-term incentive awards to our Named Executives as a part of our overall compensation package. Long-term compensation is comprised of both cash and equity awards. In 2007, the long-term incentive awards were targeted to deliver 35% in cash and 65% in equity allocated among these three components: stock options, performance-based stock units and retention-based restricted stock. In addition, in February 2007, the Committee granted performance-based restricted stock to Mr. Putney, the Executive Vice President and Chief Investment Officer, and the key members of MoneyGram s investment staff.

Stock options. Stock options are intended to align management s goals with the goals of stockholders and focus our Named Executives on delivering sustainable long-term growth. The grant of stock options directly links a portion of each Named Executive s compensation to the behaviors and financial performance that we believe drive stock price appreciation. If our share price does not rise during the term of the option, the portion of a Named Executive s total compensation opportunity reflected by stock options will not be realized. Because we view this alignment as a critical way to reinforce value delivery to stockholders, a large portion of overall long-term incentive value is delivered in stock options.

Performance-based stock units. The MoneyGram International, Inc. Performance Unit Incentive Plan (the performance-based stock unit plan) is intended to focus our Named Executives efforts on certain strategic, financial or operational goals that must be achieved over longer periods of time in order for them to receive the value of the units. Awards are denominated in units of Common Stock, but if earned, awards are paid in cash. The performance periods and performance goals were established by the Committee. The performance periods were not less than two, nor more than five, years. The performance units were designed to have a range of potential payouts based on actual performance relative to the financial goals. The Committee set threshold, target and maximum levels of growth in earnings per share and operating income from continuing operations for the applicable performance period. Pro-rata awards may be earned in the range between threshold and maximum. In February 2007, Named Executives received a maximum payout for the 2005-2006 performance period (described in greater detail below). In addition, performance units were granted in February 2007 and designated for the 2007-2009 performance period, whereby the Named Executives will earn the target payout if we achieve compounded annual growth rates over a three-year period for earnings per share and operating income of 10% and 11%, respectively. Results in 2006 provided the baseline for the growth objectives of the February 2007 awards. The targets disclosed below, including threshold, target and maximum amounts, should not be interpreted as MoneyGram providing financial guidance, nor updating any prior guidance of our future performance, by reference to these ranges.

	Threshold	Target	Maximum
Earnings per share (percent increase)	5%	10%	15%
Operating income (percent increase)	6%	11%	17%

Retention-based restricted stock. The objective of retention-based restricted stock is to reward Named Executives for maintaining fundamental value and for continuing in service with MoneyGram. Retention-based restricted stock awards require Named Executives to be continuously employed for an extended period of time. Retention-based restricted stock vests, and all restrictions lapse, on the third anniversary of its grant date, provided the Named Executive remains employed by MoneyGram. This is intended to promote retention of a stable executive management team, which helps MoneyGram operate effectively.

Performance-based restricted stock. The use of performance-based restricted stock is intended to focus certain of our Named Executive s efforts on certain strategic, financial or operational goals that must be achieved in order to receive the value of the stock. Performance-based restricted stock was introduced in 2006 for the executives responsible for our investment portfolio in order to directly link a portion of their compensation to investment portfolio results, a methodology that the Committee believed was more reflective of the manner in which investment portfolio managers are compensated elsewhere. Awards may be earned annually, based on the extent to which the net interest margin threshold established in

Table of Contents

MoneyGram s financial plan is achieved or exceeded. However, awards that have been earned are also subject to three year time-vesting restrictions for payment, thereby requiring ongoing employment with MoneyGram in order to achieve the full value of the award.

The Named Executives were granted the following long-term compensation in 2007:

Name	Stock Options(1)	Performance-Based Stock Units(2)	Retention Based Restricted Stock(3)	Performance-Based Restricted Stock(3)
Philip W. Milne	62,500	25,110	16,560	
David J. Parrin	19,300	7,760	15,110	
Anthony P. Ryan	19,300	7,760	5,110	
William J. Putney	6,900	7,390	4,870	9,740
Mary A. Dutra	8,100	3,250	6,140	

(1) For details regarding vesting of the stock options, see Executive Compensation Outstanding Equity Awards at December 31, 2007 under this Item 11 of this Amendment to Annual Report on Form 10-K/A.

(2) For details regarding these grants, see Executive Compensation 2007 Grant of Plan-Based Awards under this Item 11 of this Amendment to Annual Report on Form 10-K/A.

(3) For details regarding these grants, see Long Term Incentives Components

and Objectives
above.

Analysis and Committee Assessment of Performance

The Committee allocated awards among the long-term incentive components (using an option pricing valuation methodology for stock options and similar present valuation techniques for performance-based stock units, retention-based restricted stock and performance-based restricted stock) as follows:

Long-term Incentive Opportunity Mix Named Executives (other than Mr. Putney)	Long-term Incentive Opportunity Mix Mr. Putney
40% stock options	15% stock options
35% performance-based stock units	35% performance-based stock units
25% retention-based restricted stock	25% retention-based restricted stock
	25% performance-based restricted stock

Although the mix among these components is targeted at the levels described above, the actual allocation is based on the Committee s discussion of the individual facts and circumstances of each Named Executive. In February 2007, Mr. Parrin and Ms. Dutra were awarded special restricted stock grants of 10,000 and 4,000 shares, respectively, specifically for retention purposes. These awards have the same terms as the Company s other retention-based restricted stock, which vests on the third anniversary of its grant date. Special awards are considered outside of the process for determining the annual long-term mix of compensation.

Results and payout under the performance-based stock unit plan:

2005-2007 performance-based stock unit plan Financial Targets (in thousands, except per share data)

	Minimum	Target	Maximum
Earnings Per Share (70% weighted)	$ 1.06	$ 1.19	$ 1.26
Net Revenue (30% weighted)	$525,683	$559,083	$562,713

Due to substantial losses in our investment portfolio during 2007 as described above, the performance-based stock unit financial objectives for the 2005-2007 performance period were not attained. Consequently, the Named Executives did not earn a payout in respect of that performance period.

Results and payout for performance-based restricted stock granted to Mr. Putney:

Performance-based restricted stock granted in 2007 Financial Targets

	Minimum	Target	Maximum
Net Interest Margin	1.64%	1.74%	1.84%

Due to substantial losses in our investment portfolio during 2007 as described above, the performance-based restricted stock financial objectives for 2007 were not attained. Consequently, no payout of performance-based restricted stock was made to Mr. Putney in respect of 2007.

Stock Ownership Guidelines

Stock ownership guidelines were adopted in 2005 to further align the interests of approximately 15 of our top executives with those of our stockholders. Under the guidelines, certain executives are expected to acquire and hold Common Stock with a value equal to a multiple of their base salary as determined by their position. The guidelines require stock ownership with a value of 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 our stock price. For purposes of these guidelines, stock ownership includes shares over which the executive has direct or indirect ownership or control, including shares held in the executive s 401(k) plan, restricted stock, performance-based restricted stock when earned and stock units, but does not include unexercised stock options. Executives are expected to make meaningful progress toward achieving their ownership guidelines within five years of becoming subject to the guidelines. In the event that an executive has not achieved the guideline within the five-year period, the Committee may, in its discretion, require the executive to retain all or a portion of the shares delivered to the executive through MoneyGram s incentive compensation plans until the requisite stock ownership is met. The Committee reviewed compliance with the stock ownership guidelines on an annual basis. Although our 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 our stock price in 2007, none of our executives are presently in compliance with their ownership guideline. However, all of the executives are within the initial five year window established by the guidelines.

MoneyGram has policies and procedures for transactions in MoneyGram securities that prohibit 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. In addition, this policy is designed to ensure compliance with all insider trading rules.

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 our business. For more information on the specific plans under which our compensation and benefits are delivered, see Executive Compensation Retirement Plans and Executive Compensation Deferred Compensation Plans under this Item 11 to this Amendment to Annual Report on Form 10-K/A.

These programs were reviewed periodically by the Committee to evaluate their competitiveness. In 2007, the Committee engaged Hewitt to assess our non-qualified benefit plans and perquisites, relative to our peer group of companies and general industry. As a result of the review, and in consideration of the fact that many of these plans were legacy plans that were in place at the time of the Spin-Off and continue to serve as retention vehicles for the Company, the Committee concluded that these benefit plans and perquisites were competitive as designed, and did not need modification or further review at this time.

Retirement Benefits and Deferred Compensation

A principal objective of our retirement income and deferred compensation plans is to help ensure that our Named Executives are financially prepared to transition from active employment. The timely and orderly transition of our Named Executives is an essential element of our succession plan. Much of each Named Executive s total compensation is dependent on MoneyGram s performance or our stock s performance, which may be variable. Without these arrangements, it may be difficult for each Named Executive to be certain of adequate capital accumulation to be financially prepared to leave the workforce at the appropriate time. Additionally, such plans compensate and reward each Named Executive for tenure with MoneyGram, which in turn benefits our stockholders.

Table of Contents

Our 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 under this Item 11 to this Amendment to Annual Report on Form 10-K/A.

Perquisites

The objective of our perquisites program is to provide certain benefits that help recruit and retain Named Executives and help them to be healthier, more secure and safe and to minimize personal distractions that may affect the time available to devote to our business. The perquisites that each of our Named Executives is eligible for, but may not have received, include:

Executive Benefit	**Description**
Financial planning services	$10,750 annually
Car allowance	$14,400 annually for CEO; $9,600 for each other Named Executive
Executive health exam	$1,225 annually
Health club dues subsidy	Reimbursement up to $1,000 annually
Country club dues	Annual reimbursement ranging from $4,360 to $89,935*
Spousal travel	One time annually related to business purpose
Home security system and maintenance CEO only	$4,740, varies annually
Personal use of company aircraft	For CEO, 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.

* Included $75,000 one time initiation fee for CEO

Additional information on the value of perquisites offered to each Named Executive in 2007, as well as the valuation methods for such perquisites, can be found in Executive Compensation Summary Compensation Table under this Item 11 to this Amendment to Annual Report on Form 10-K/A.

Change of Control Severance Benefits

The objective of our severance benefits is to provide financial protection in the event of a change of control or other termination that could disrupt the careers of our Named Executives. We believe that severance benefits alleviate our Named Executives concerns over possible loss of employment in the event of a change of control or other termination and allow the Named Executives to focus instead on corporate performance and maximizing value for the benefit of our stockholders. Severance benefits provide an economic means for our Named Executives to transition from MoneyGram employment.

The Amended and Restated MoneyGram International, Inc. Executive Severance Plan (Tier I) (the executive severance plan) is traditionally how MoneyGram provided change of control severance benefits to the Named Executives. In February 2007, the Committee reviewed tally sheets presenting the total compensation for each Named Executive, including the calculation of change of control severance benefits under the executive severance plan. These benefits are believed to be competitive with general industry norms.

In connection with the Capital Transaction, certain amendments were made to the executive severance plan. First, the Committee determined that the Capital Transaction did not constitute a change of control under certain compensation plans of the Company, including, without limitation, the executive severance plan. Additionally, the amendments made to the executive severance plan deleted the rights of Named Executives to voluntarily terminate employment without good reason (as defined in the executive severance plan) and receive benefits. Consequently, an additional plan, the MoneyGram International, Inc. Special Executive Severance Plan (Tier I) (the special severance plan), was adopted to provide severance benefits to the Named Executives if the Named Executive s employment were terminated under certain circumstances following the closing of the Capital Transaction. For a description of our change of control and severance benefits and the changes to the benefits as a result of the Capital Transaction, see Executive Compensation Payments Upon Termination and Change of Control under this Item 11 to this Amendment to Annual Report on Form 10-K/A.

15

Table of Contents

The executive severance plan covers all Named Executives and certain other executives. The special severance plan covers all Named Executives (other than Mr. Putney) and certain other executives. Participation by an executive in either plan requires approval by the Committee.

Funding Limits

An annual incentive funding limit is established for each Named Executive based on net income from continuing operations for MoneyGram or the relevant business segment. Once the formula has been applied, the Committee could 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 2007.

Policy for Deductibility of Compensation

Our ability to deduct compensation expense for federal income tax purposes is subject to the limitations of Section 162(m) of the Code. Section 162(m) of the Code limits deductibility to $1 million for certain executive officers unless certain conditions are met. To date, we have designed and administered our executive compensation and benefit program so that all compensation paid by MoneyGram to the Named Executives 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 appropriately would be protection of MoneyGram s best interests rather than compliance with the technical limitations imposed by the Code. For 2007, all compensation expenses were deductible in compliance with Section 162(m) of the Code.

Other Agreements

Each of the Named Executives has entered into an Employee Trade Secret, Confidential Information and Post-Employment Restriction Agreement (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 that extend for twelve months following termination of employment for most competitors and extend 24 months for specific named competitors including First Data Corporation and Western Union. The Agreements also prohibit any solicitation of our employees or customers for twelve months. The non-competition and non-solicitation restrictions do not apply if a Named Executive s employment is terminated involuntarily without cause following a change of control (as defined in the executive severance plan).

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.

Table of Contents

EXECUTIVE COMPENSATION

The following tables and accompanying narrative disclosure should be read in conjunction with the Compensation Discussion and Analysis above, which sets forth the objectives of MoneyGram s executive compensation and benefit program.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)(2)	Stock Awards ($)(3)	Option Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)(4)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($)(5)	All Other Compensation ($)(6)	Total ($)
Philip W. Milne (7)	2007	714,039		587,238	530,989		365,862	351,777	2,549,905
President, Chief Executive Officer and Chairman of the Board	2006	642,692		684,382	309,567	2,630,700	233,581	308,770	4,809,692
David J. Parrin	2007	370,308		241,771	166,214		88,278	99,041	965,612
Executive Vice President and Chief Financial Officer	2006	351,485		142,608	96,447	748,000	56,432	83,800	1,478,772
Anthony P. Ryan	2007	395,723		277,806	147,702		96,574	71,525	989,330
Executive Vice President and Chief Operating Officer	2006	353,854		264,817	78,871	671,010	62,216	68,923	1,499,691
William J. Putney	2007	356,266		298,103	102,828		103,013	57,276	917,486
Executive Vice President and Chief Investment Officer	2006	338,069		193,368	76,132	653,710	69,250	73,878	1,404,407
Mary A. Dutra *Executive Vice President, Global Payment Processing & Settlement*	2007	291,253		224,501	86,512		194,311	54,282	850,859

(1) The following amounts were deferred pursuant to the deferred compensation plan

and are reported in the 2007 Nonqualified Deferred Compensation table below: Mr. Milne, $28,561 for 2007 and $32,135 for 2006; Mr. Parrin, $17,574 for 2006; Mr. Ryan, $19,786 for 2007 and $17,693 for 2006; Mr. Putney, $16,903 for 2006; and Ms. Dutra, $14,563 for 2007.

(2) During 2006 and 2007, MoneyGram awarded bonuses solely based on MoneyGram s achievement of certain performance targets established under incentive plans. Accordingly, bonus amounts, if any, are recorded under the Non-Equity Incentive Plan Compensation column of this table.

(3) Includes amounts for stock awards and stock options granted in 2003, 2004, 2005, 2006 and 2007 to the extent the vesting period for such grants fell in 2007 or 2006, respectively. The amounts in these columns exclude estimated

forfeitures. Refer to Footnotes 2 and 13 of Item 8 of MoneyGram s Annual Report on Form 10-K for the fiscal year ended December 31, 2007 for our policy and assumptions made in the valuation of share-based payments. Due to the losses in our investment portfolio during 2007 as previously described, the 2007 performance-based restricted stock financial objectives were not attained. Consequently, Mr. Putney did not earn a payout of performance-based restricted stock in 2007.

(4) Non-equity incentive plan compensation represents awards earned during 2007 and 2006, respectively, in recognition of achievement of performance goals under the annual cash incentive plan and the performance-based stock unit plan. Due to the losses in our investment portfolio during 2007 as previously described, the financial objectives under the annual

cash incentive plan for 2007 and the performance-based stock unit plan for the 2005-2007 performance period were not attained. Consequently, the Named Executives did not earn an annual cash incentive plan payout or performance-based stock unit payout in 2007. The following amounts were earned based on achievement of the performance goals at the maximum level for 2006, respectively: Mr. Milne, under the annual cash incentive plan, $1,156,800 and under the performance-based stock unit plan, $1,473,900; Mr. Parrin, under the annual cash incentive plan, $386,600 and under the performance-based stock unit plan, $361,400; Mr. Ryan, under the annual cash incentive plan, $389,200 and under the performance-based stock unit plan, $281,810; Mr. Putney, under the annual cash incentive plan, $371,900 and under

the
performance-based
stock unit plan,
$281,810.

(5) This column represents both changes in pension value for the Named Executives and above market earnings on deferred compensation. The changes in pension values (pension plan and supplemental pension plan) were as follows: Mr. Milne, $365,044 for 2007 and $231,999 for 2006; Mr. Parrin, $87,942 for 2007 and $56,391 for 2006; Mr. Ryan, $96,574 for 2007 and $62,178 for 2006; Mr. Putney, $102,610 for 2007 and $69,103 for 2006; and Ms. Dutra, $194,311 for 2007.

2007 DETAILS BEHIND ALL OTHER COMPENSATION COLUMN

Name	Year	Perquisites and Other Personal Benefits ($)(1)	Registrant Contributions to Defined Contribution Plans ($)(2)	Insurance Premiums ($)(3)	Tax Reimbursements($)(4)	Other ($)(5)	Total ($)
Philip W. Milne	2007	230,067	13,500	60	56,496	51,654	351,777

David J. Parrin	2007	61,420	13,500	60	15,977	8,084	99,041
Anthony P. Ryan	2007	25,929	13,500	60	6,753	25,283	71,525
William J. Putney	2007	28,653	13,500	60	6,100	8,963	57,276
Mary A. Dutra	2007	20,010	13,500	60	5,697	15,015	54,282

(1) The Named Executives received the following perquisites in 2007:

- annual car allowance for each Named Executive;
- annual financial counseling services for each Named Executive;
- annual reimbursement for health club membership for each of Mr. Parrin and Ms. Dutra;
- annual executive physical examination for each of Messrs. Milne and Putney;
- reimbursement of country club membership fees or dues for each of Messrs. Milne, Parrin, Ryan and Putney, which includes all dues and costs of membership; and
- once a year, we invite spouses of Named Executives to accompany them to a Board meeting resulting in a personal travel benefit.

In addition to the foregoing perquisites, Mr. Milne received the following in 2007:

- The Company reimbursed Mr. Milne for $89,936 of country club membership and dues. This amount included a one-time initiation fee of $75,000.

The Company provided maintenance for Mr. Milne s home security system. This perquisite is provided in accordance with the terms of Mr. Milne s employment agreement.

Under MoneyGram s policies and the terms of Mr. Milne s employment agreement, he is entitled to personal use of our aircraft. Mr. Milne received 29 hours of personal aircraft travel valued at $86,514. Such amount was calculated using the aggregate incremental cost method and based on the variable operating costs to MoneyGram of such travel, including fuel costs, mileage, landing fees, flight planning, crew travel expenses and other miscellaneous variable costs. Fixed costs which do not change based on usage, such as pilot salaries and the cost of the corporate aircraft, are excluded.

MoneyGram pays 100% of the premiums for Mr. Milne s medical and dental plans. Such plans provide 100% coverage to Mr. Milne, his spouse and dependents up to age 25. The amount included in this column represents the premiums paid by MoneyGram on Mr. Milne s behalf.

In addition to the foregoing perquisites, Mr. Parrin received, with the approval of the CEO, 11.7 hours of personal aircraft travel valued at $31,040. Such amount was calculated in the same manner described above.

(2) The 401(k) plan allows employees to defer up to 50% of eligible compensation on a pre-tax basis subject to federal tax law limits. MoneyGram matches 100% of the first three percent and 50% of the next two percent of compensation deferred. The 401(k) plan also gives the Board of Directors the right to grant an annual discretionary profit sharing contribution. In February 2008, the Board approved a discretionary contribution of two percent of compensation related to 2007.

In 2007, the following amounts were received as matching contributions pursuant to the 401(k) plan: Messrs. Milne, Parrin, Ryan and Putney and Ms. Dutra, $9,000. Each of the Named Executives received profit sharing contributions of $4,500 pursuant to the 401(k) plan.

(3) Represents premiums paid by MoneyGram in 2007 for life insurance covering each of the Named Executives.

(4) Represents tax reimbursements paid to each of the Named Executives associated with financial planning services, spousal travel and executive physical examinations in 2007. In addition, Mr. Milne and Mr. Parrin received tax reimbursement attributable to taxes they incurred for personal use of our aircraft of $47,707 and $11,586 respectively, in 2007.

(5) The deferred compensation plan was established for executives and other select employees who are limited as to the amount of deferrals allowed under the 401(k) plan or are limited by federal tax law as to the amount of profit sharing contributions that may be allocated to them. In addition, the deferred compensation plan allows selected participants to defer the receipt of salary and incentive payments. At MoneyGram s discretion, employees may be granted matching credits with respect to compensation and incentive pay deferrals on a dollar-for-dollar basis, up to four percent of eligible compensation. In 2007, the deferred compensation plan was amended to incorporate the deferred compensation obligations under the Viad deferred compensation plan for MoneyGram employees assumed by MoneyGram in connection with the Spin-Off.

The Named Executives received the following matching contributions pursuant to the deferred compensation plan contributed by MoneyGram: Mr. Milne, $28,561; Mr. Parrin, $0; Mr. Ryan, $15,829; Mr. Putney, $0; and Ms. Dutra, $11,650. In addition, the Named Executives received the following supplemental profit sharing contributions pursuant to the deferred compensation plan paid by MoneyGram: Mr. Milne, $9,781; Mr. Parrin, $2,906; Mr. Ryan, $3,414; Mr. Putney, $2,625; and Ms. Dutra, $1,325.

Each of the Named Executives also received dividends paid on restricted stock at the same rate as paid on Common Stock, which are not included in the grant date fair value of such restricted stock. Specifically, Mr. Milne received $13,312 in 2007.

19

Table of Contents

The following table summarizes the 2007 grants of equity and non-equity plan-based awards.

2007 GRANTS OF PLAN-BASED AWARDS

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards*			All Other Stock Awards: Number of Shares of Stock or Units (#)*	All Other Option Awards: Number of Securities Underlying Options (#)*	Exercise or Base Price of Option Awards ($/Sh)(5)	Closing Price of Company Stock on Grant Date ($/Sh)(5)	Grant Date Fair Value Of Stock And Option Awards ($)(6)
Name	**Grant Date(1)**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**Threshold (# of Shares)**	**Target (# of Shares)**	**Maximum (# of Shares)**					
Philip W. Milne	02/15/2007** (2)	191,464 (12,555 units)	382,928 (25,110 units)	765,855 (50,220 units)								
	02/15/2007*** (3)	357,020	714,039	1,428,077								
	02/15/2007							16,560		29.2450	29.27	484,297
	02/15/2007								62,500	29.2450	29.27	728,125
David J. Parrin	02/14/2007** (2)	59,170 (3,880 units)	118, 340 (7,760 units)	236,680 (15,520 units)								
	02/14/2007*** (3)	111,093	222,185	444,370								
	02/14/2007							15,110		29.2550	29.30	442,043
	02/14/2007								19,300	29.2550	29.30	224,845
Anthony P. Ryan	0214/2007** (2)	59,170 (3,880 units)	118,340 (7,760 units)	236,680 (15,520 units)								
	02/14/2007*** (3)	118,717	237,434	474,868								
	02/14/2007							5,110		29.2550	29.30	149,493
	02/14/2007								19,300	29.2550	29.30	224,845
William J. Putney	02/14/2007** (2)	56,349 (3,695 units)	112,698 (7,390 units)	225,395 (14,780 units)								
	02/14/2007*** (3)	106,880	213,760	427,500								

	02/14/2007(4)					487	4,870	9,740			29.2550	29.30	284,943
	02/14/2007								4,870		29.2550	29.30	142,472
	02/14/2007									6,900	29.2550	29.30	80,385
Mary A. Dutra	02/14/2007**	(2)	24,781 (1,625 units)	49,563 (3,250 units)	99,125 (6,500 units)								
	02/14/2007***	(3)	72,814	145,627	291,254								
	02/14/2007								6,140		29.2550	29.30	179,626
	02/14/2007									8,100	29.2550	29.30	94,365

* Denotes awards granted pursuant to the Omnibus Plan

** Denotes awards granted pursuant to the performance-based stock unit plan and the Omnibus Plan

*** Denotes awards granted pursuant to the annual cash incentive plan and the Omnibus Plan

(1) The grant date of all equity awards, other than those for the CEO, is the date of the Committee meeting at which such award is approved. The grant date of all equity awards for the CEO is the date of the Board of Directors meeting at which such award is ratified.

(2) Represents a grant in 2007 under the performance-based stock unit plan for performance in 2007 through 2009

and payable in 2010. The performance units are denominated in shares of Common Stock (excluding dividends). The first number in each column represents the dollar value of the performance-based stock unit plan payout, assuming the value of our Common Stock is $15.25 per share, the average of the high and low sales prices of the Common Stock on December 31, 2007. For a description of the performance-based conditions for grants under the performance-based stock unit plan, see Long-Term Incentives Components and Objectives Performance-based stock units under this Item 11 to this Amendment to Annual Report on Form 10-K/A.

(3) As previously discussed, no payment was earned under the annual cash incentive plan for 2007 performance, which is also reflected in Non-Equity Incentive Plan

Compensation in the Summary Compensation Table.

(4) Represents an award of performance-based restricted stock to Mr. Putney. Due to the losses in our investment portfolio during 2007 described above, the financial objectives for 2007 were not attained. Consequently, no payout of performance-based restricted stock was made to Mr. Putney for 2007.

(5) All options are granted with an exercise price equal to the fair market value of our Common Stock on the date of grant. Fair market value is defined under the Omnibus Plan as the average of the high and low sales prices of the Common Stock on the New York Stock Exchange as reported in the consolidated transaction reporting system on the grant date or, if such Exchange is not open for trading on such date, on the most recent preceding date when such Exchange is open

for trading.

(6) Represents the aggregate fair value at the date of grant as measured in accordance with Statement of Financial Accounting Standards (SFAS) No. 123 (revised 2004), *Share Based Payment* (SFAS 123R). For stock awards, the SFAS 123R value is the average of the high and low sales price of our Common Stock on the date of grant. The SFAS 123R value for option awards is determined using the Black Scholes valuation methodology. Under this methodology, a fair value of $11.65 per option was assigned to the options granted in 2007. Refer to Footnotes 2 and 13 of Item 8 of MoneyGram s Annual Report on Form 10-K for the year ended December 31, 2007 for our policy and assumptions made in the valuation of share-based payments.

Table of Contents

The following tables summarize the total outstanding equity awards as of December 31, 2007, for each Named Executive, as well as the number of option awards exercised and restricted stock awards vested during 2007. With respect to our Common Stock, the following table utilizes the market value on December 31, 2007, which was $15.25 per share. As of March 31, 2008, the market value of our Common Stock was $1.89 per share.

OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2007

Option Awards		Stock Awards	
Equity Incentive Plan	Market	Equity Incentive Plan Awards: Number of Unearned	Equity Incentive Plan Awards: Market or Payout Value (as of December 31, 2007) of Unearned