



December 2, 1996

Ms. Joan Anderson Growe
State of Minnesota
Office of the Secretary of State
180 State Office Bldg.
St. Paul, MN 55155

Re: **MoneyGram**SM divestiture and agent conversion update

Dear Ms. Growe:

Integrated Payment Systems Inc. (IPS) has some important news to share regarding the divestiture of its **MoneyGram**SM wire transfer service and the subsequent conversion of American Express Travel Related Services Co., Inc.'s (TRS) **MoneyGram**SM agents to IPS.

You may remember, First Data Corporation (FDC), IPS' parent company, merged with First Financial Management Corporation (FFMC) in October 1995. The surviving company, FDC, owned the **MoneyGram**SM wire transfer service and Western Union. The new FDC was required to divest either the **MoneyGram**SM wire transfer service or Western Union as a condition of the merger approval by the Federal Trade Commission.

FDC has been working with The Federal Trade Commission to gain approval on the divestiture of **MoneyGram**SM either through an Initial Public Offering (IPO) or a private sale. To facilitate the imminent divestiture of **MoneyGram**SM, MoneyGram Payment Systems, Inc. (MPS), a wholly owned subsidiary of IPS was created.

On November 6, 1996, The Federal Trade Commission approved the sale of **MoneyGram**SM in the form of an IPO, however, this does not preclude the possibility of a private sale of MPS. Upon the conclusion of the planned IPO or private sale, the **MoneyGram**SM wire transfer service will be managed by MoneyGram Payment Systems, Inc., an independent public company that will trade on the New York Stock Exchange. It is anticipated that an IPO of MPS' stock will occur and the transaction will be completed during December 1996.

As we informed you last May (letter enclosed), shortly after the completion of the IPO or private sale, the **MoneyGram**SM wire transfer agents that are currently operating under TRS' license in your state will become agents under IPS' license but will be managed by MPS under a management agreement between IPS and MPS. In many ways the arrangement resembles that entered into by IPS and TRS at the time of the First Data Corporation IPO in 1992.

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It is important to note that upon completion of the IPO, MPS will become responsible for the sales and marketing of **MoneyGramSM**, but IPS will retain all agent contracts and will remain the entity legally responsible to the consumer and the **MoneyGramSM** agents for all transactions until MPS obtains the required licenses in all applicable jurisdictions.

If your state had identified additional conversion reporting requirements, you will receive an additional letter, detailing converting **MoneyGramSM** agents in your state along with any applicable payments. All other states will be notified of converted agents through their regular agent reporting requirements.

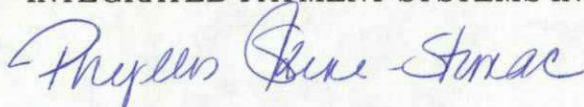
Additionally, as we had previously communicated in May 1995, the conversion of TRS' official check and retail money order agents to IPS commenced in August, 1996 and is well under way. You will notice increased IPS agent volume and decreased TRS agent volume in our most recent reports. These trends should continue until April of 1997, when the conversions should be completed.

Both the magnitude and success of these conversions are a priority for IPS, TRS and MPS. Please be assured that we are all in continuous contact regarding conversion activities and will do everything possible to ensure that this transition works as smoothly as possible for agents, consumers and all other concerned parties.

Please direct questions and concerns regarding the **MoneyGramSM** conversion to Gerry Popovsky at (303)716-6787 or Phyllis Stimac at (303)488-8237. Any questions or concerns related to conversion of TRS' Official Check or retail money order agents can be directed to Phyllis Stimac (listed above) or Anne Schepp at (212)640-5100.

Very truly yours,

INTEGRATED PAYMENT SYSTEMS INC.



Phyllis Skene-Stimac
Licensing Manager

C: Gerry Popovsky - MoneyGram Payment Systems, Inc.
 Anne Schepp - American Express Travel Related Services Co., Inc.

FILE SAMPLE



May 3, 1996

American Express
Travel Related Services Company, Inc.
American Express Tower
World Financial Center
New York, NY 10285

Mr. Joseph P. Borg, Director
Alabama Securities Commission
770 Washington Ave., ste.570
Montgomery, AL 36130-4700

Dear Mr. Borg:

re: American Express Money Order, Official Check and MoneyGram Service

This joint communication from American Express Travel Related Services Co., Inc. ("TRS") and Integrated Payment Systems Inc. ("IPS") is to inform you of our intentions to convert TRS' Money Order, Official Check and MoneyGram wire transfer agents to IPS in the very near future. Additionally, please note, TRS' Travelers Cheque, Gift Cheque and similar products will continue to be issued by TRS and sold by its agents in your state.

As we have previously communicated, the intended conversion of TRS agents to IPS is scheduled to commence during the second quarter of 1996. It will happen in two phases. The first phase will include the MoneyGram wire transfer service agents who will all be converted at one time.

The second phase, will include all of the Money Order and Official Check agents and will be prioritized based on blank financial paper supply. As agents run low on TRS blank financial paper they will be restocked with IPS paper. This final phase will be completed by April 1, 1997.

We will manage the transition so that there is no interruption in agent and consumer services and operations. IPS will continue to provide all the support for agent relations, customer service (including refunds) and other operational matters as it currently does. Until an agent is converted, these functional areas will continue to be managed for TRS by IPS. For converted agents, IPS will be providing these services directly with no TRS involvement.

As you may be aware, IPS is currently in the process of considering various alternatives with respect to the sale of the MoneyGram business. At this time either an initial public offering ("IPO") of stock in a new entity which would own the MoneyGram business, or a sale to a private buyer remain possibilities. IPS plans to complete one of these transactions not later than the third quarter of 1996.

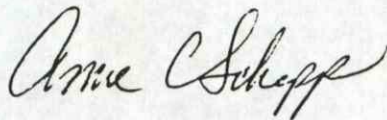
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Mr. Borg
May 3, 1996

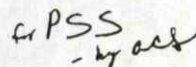
It is important to note that under either of the above scenarios, the buyer would become responsible for the sales and marketing of MoneyGram, but IPS would retain all agent contracts and would remain the entity legally responsible to the consumer and the MoneyGram Agents for all transactions until the buyer of the MoneyGram service obtains the required licenses. In many ways the arrangement resembles that entered into by IPS and TRS at the time of the First Data Corporation IPO in 1992.

The magnitude of this conversion requires frequent communication between TRS and IPS. Please be assured that IPS and TRS are in continuous communication regarding this conversion, and, we will cooperate fully to ensure that this transition works as smoothly as possible for agents, consumers and all concerned parties. You may direct all questions and concerns to either Anne Schepp, TRS (212)640-5100 or Phyllis Stimac, IPS (303)488-8237.

Very truly yours,



Anne Schepp
Manager Licensing - TRS



Phyllis-Skene-Stimac
Manager Licensing - IPS

1st QUAL. IN MN 05/03/1993 DURATION DATE INC. / /19
INTEGRATED PAYMENT SYSTEMS INC.

AGENT NAME ADDRESS
C T Corporation System Inc 405 2nd Ave S
Mpls MN 55401

HOME ADDRESS CITY ST ZIP -

HOME NAME

LAWS OF DE ANNUAL REPORT NUMBERS 94009464 95009560 96010282
COMMENT

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There is no history for INTEGRATED PAYMENT SYSTEMS INC.

1st QUAL. IN MN 07/03/1996 DURATION DATE INC. / /19

MoneyGram Payment Systems, Inc.

AGENT NAME ADDRESS
C T Corporation System Inc 405 2nd Ave S
Mpls MN 55401

HOME ADDRESS CITY ST ZIP -

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