
UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

- Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Quarterly Period Ended June 30, 2019.**
- Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____.**

Commission File Number: 001-31950



MONEYGRAM INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Delaware

*(State or other jurisdiction of
incorporation or organization)*

**2828 N. Harwood St., 15th Floor
Dallas, Texas**

(Address of principal executive offices)

16-1690064

*(I.R.S. Employer
Identification No.)*

75201
(Zip Code)

(214) 999-7552

Registrant's telephone number, including area code

Not applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common stock, \$0.01 par value	MGI	The NASDAQ Stock Market LLC

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of July 31, 2019, 62,049,917 shares of common stock, \$0.01 par value, were outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
UNAUDITED

<i>(Amounts in millions, except share data)</i>	June 30, 2019	December 31, 2018
ASSETS		
Cash and cash equivalents	\$ 133.5	\$ 145.5
Settlement assets	3,443.1	3,373.8
Property and equipment, net	183.3	193.9
Goodwill	442.2	442.2
Other assets	181.5	140.7
Total assets	<u>\$ 4,383.6</u>	<u>\$ 4,296.1</u>
LIABILITIES		
Payment service obligations	\$ 3,443.1	\$ 3,373.8
Debt, net	842.1	901.0
Pension and other postretirement benefits	72.1	76.6
Accounts payable and other liabilities	263.0	213.5
Total liabilities	<u>4,620.3</u>	<u>4,564.9</u>
COMMITMENTS AND CONTINGENCIES (NOTE 12)		
STOCKHOLDERS' DEFICIT		
Participating convertible preferred stock - series D, \$0.01 par value, 200,000 shares authorized, 71,282 issued at June 30, 2019 and December 31, 2018	183.9	183.9
Common stock, \$0.01 par value, 162,500,000 shares authorized, 64,434,490 and 58,823,567 shares issued at June 30, 2019 and December 31, 2018, respectively	0.6	0.6
Additional paid-in capital	1,093.6	1,046.8
Retained loss	(1,439.4)	(1,403.6)
Accumulated other comprehensive loss	(56.2)	(67.5)
Treasury stock: 2,432,151 and 3,207,118 shares at June 30, 2019 and December 31, 2018, respectively	(19.2)	(29.0)
Total stockholders' deficit	<u>(236.7)</u>	<u>(268.8)</u>
Total liabilities and stockholders' deficit	<u>\$ 4,383.6</u>	<u>\$ 4,296.1</u>

See Notes to the Condensed Consolidated Financial Statements

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
UNAUDITED

<i>(Amounts in millions, except per share data)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
REVENUE				
Fee and other revenue	\$ 309.3	\$ 362.5	\$ 610.3	\$ 732.6
Investment revenue	14.5	12.1	28.9	22.0
Total revenue	323.8	374.6	639.2	754.6
EXPENSES				
Fee and other commissions expense	155.4	178.9	305.0	355.4
Investment commissions expense	6.2	4.5	12.5	8.0
Direct transaction expense	6.2	7.0	11.2	12.5
Total commissions and direct transaction expenses	167.8	190.4	328.7	375.9
Compensation and benefits	53.5	65.1	112.9	144.4
Transaction and operations support	54.5	72.0	106.6	146.8
Occupancy, equipment and supplies	15.5	17.0	30.9	33.6
Depreciation and amortization	18.2	20.1	37.2	38.2
Total operating expenses	309.5	364.6	616.3	738.9
OPERATING INCOME	14.3	10.0	22.9	15.7
Other expenses (income)				
Interest expense	14.0	13.7	27.9	26.0
Other non-operating expense (income)	35.3	1.4	36.9	(27.1)
Total other expenses (income)	49.3	15.1	64.8	(1.1)
(Loss) income before income taxes	(35.0)	(5.1)	(41.9)	16.8
Income tax (benefit) expense	(7.8)	(7.4)	(1.2)	7.4
NET (LOSS) INCOME	\$ (27.2)	\$ 2.3	\$ (40.7)	\$ 9.4
(LOSS) EARNINGS PER COMMON SHARE				
Basic	\$ (0.41)	\$ 0.04	\$ (0.62)	\$ 0.15
Diluted	\$ (0.41)	\$ 0.03	\$ (0.62)	\$ 0.14
Weighted-average outstanding common shares and equivalents used in computing (loss) earnings per share				
Basic	66.1	64.5	65.5	64.1
Diluted	66.1	66.4	65.5	66.3

See Notes to the Condensed Consolidated Financial Statements

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
UNAUDITED

<i>(Amounts in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
NET (LOSS) INCOME	\$ (27.2)	\$ 2.3	\$ (40.7)	\$ 9.4
OTHER COMPREHENSIVE INCOME (LOSS)				
Net change in unrealized holding gains on available-for-sale securities arising during the period	(0.4)	—	(0.2)	(0.2)
Net change in pension liability due to amortization of prior service credit and net actuarial loss, net of tax benefit of \$0.3 and \$0.4 for the three months ended June 30, 2019 and 2018, respectively, and \$0.4 and \$0.6 for the six months ended June 30, 2019 and 2018, respectively	0.6	0.8	1.4	1.7
Pension settlement charge, net of tax benefit of \$7.2 for the three and six months ended June 30, 2019	24.1	—	24.1	—
Valuation adjustment for pension, net of tax expense of \$0.1 for the three and six months ended June 30, 2019	(0.5)	—	(0.5)	—
Unrealized foreign currency translation adjustments, net of tax expense (benefit) of \$0.1 and (\$0.6) for the three months ended June 30, 2019 and 2018, respectively, and an expense of \$0.1 and \$0.0 for the six months ended June 30, 2019 and 2018, respectively	4.7	(9.4)	1.6	(6.7)
Other comprehensive income (loss)	28.5	(8.6)	26.4	(5.2)
COMPREHENSIVE INCOME (LOSS)	\$ 1.3	\$ (6.3)	\$ (14.3)	\$ 4.2

See Notes to the Condensed Consolidated Financial Statements

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED

<i>(Amounts in millions)</i>	Six Months Ended June 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) income	\$ (40.7)	\$ 9.4
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	37.2	38.2
Signing bonus amortization	23.4	28.7
Amortization of debt discount and debt issuance costs	1.4	1.6
Debt extinguishment costs	2.4	—
Non-cash compensation and pension expense	38.8	10.4
Signing bonus payments	(15.4)	(19.6)
Change in other assets	(5.9)	(5.4)
Change in accounts payable and other liabilities	(6.9)	(14.7)
Other non-cash items, net	3.8	1.3
Net cash provided by operating activities	38.1	49.9
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(29.2)	(28.5)
Net cash used in investing activities	(29.2)	(28.5)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Transaction costs for issuance and amendment of debt	(21.3)	—
Principal payments on debt	(28.4)	(4.9)
Net proceeds from issuing equity instruments	29.5	—
Payments to tax authorities for stock-based compensation	(0.7)	(6.1)
Net cash used in financing activities	(20.9)	(11.0)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(12.0)	10.4
CASH AND CASH EQUIVALENTS—Beginning of period	145.5	190.0
CASH AND CASH EQUIVALENTS—End of period	\$ 133.5	\$ 200.4

See Notes to the Condensed Consolidated Financial Statements

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
UNAUDITED

<i>(Amounts in millions)</i>	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Loss	Accumulated Other Comprehensive Loss	Treasury Stock	Total
January 1, 2019	\$ 183.9	\$ 0.6	\$ 1,046.8	\$ (1,403.6)	\$ (67.5)	\$ (29.0)	\$ (268.8)
Net loss	—	—	—	(13.5)	—	—	(13.5)
Stock-based compensation activity	—	—	2.6	(9.5)	—	9.0	2.1
Cumulative effect of adoption of ASU 2018-02	—	—	—	15.1	(15.1)	—	—
Other comprehensive loss	—	—	—	—	(2.1)	—	(2.1)
March 31, 2019	183.9	0.6	1,049.4	(1,411.5)	(84.7)	(20.0)	(282.3)
Net loss	—	—	—	(27.2)	—	—	(27.2)
Stock-based compensation activity	—	—	1.6	(0.7)	—	0.8	1.7
Net proceeds from issuing equity instruments	—	—	29.5	—	—	—	29.5
Equity instruments issued in connection with second lien facility	—	—	13.1	—	—	—	13.1
Other comprehensive income	—	—	—	—	28.5	—	28.5
June 30, 2019	\$ 183.9	\$ 0.6	\$ 1,093.6	\$ (1,439.4)	\$ (56.2)	\$ (19.2)	\$ (236.7)

<i>(Amounts in millions)</i>	Preferred Stock	Common Stock	Additional Paid-In Capital	Retained Loss	Accumulated Other Comprehensive Loss	Treasury Stock	Total
January 1, 2018	\$ 183.9	\$ 0.6	\$ 1,034.8	\$ (1,336.1)	\$ (63.0)	\$ (65.5)	\$ (245.3)
Net income	—	—	—	7.1	—	—	7.1
Stock-based compensation activity	—	—	4.8	(43.0)	—	36.1	(2.1)
Cumulative effect of adoption of ASU 2016-16	—	—	—	4.2	—	—	4.2
Other comprehensive income	—	—	—	—	3.4	—	3.4
March 31, 2018	183.9	0.6	1,039.6	(1,367.8)	(59.6)	(29.4)	(232.7)
Net income	—	—	—	2.3	—	—	2.3
Stock-based compensation activity	—	—	2.3	(0.4)	—	0.5	2.4
Other comprehensive loss	—	—	—	—	(8.6)	—	(8.6)
June 30, 2018	\$ 183.9	\$ 0.6	\$ 1,041.9	\$ (1,365.9)	\$ (68.2)	\$ (28.9)	\$ (236.6)

See Notes to the Condensed Consolidated Financial Statements

MONEYGRAM INTERNATIONAL, INC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

Note 1 — Description of the Business and Basis of Presentation

References to “MoneyGram,” the “Company,” “we,” “us” and “our” are to MoneyGram International, Inc. and its subsidiaries.

Nature of Operations — MoneyGram offers products and services under its two reporting segments: Global Funds Transfer and Financial Paper Products. The Global Funds Transfer segment provides global money transfer services and bill payment services to consumers. We primarily offer services through third-party agents, including retail chains, independent retailers, post offices and other financial institutions. We also offer Digital solutions such as moneygram.com, mobile solutions, account deposit and kiosk-based services. Additionally, we have limited Company-operated retail locations. The Financial Paper Products segment provides official check outsourcing services and money orders through financial institutions and agent locations.

Basis of Presentation — The accompanying unaudited condensed consolidated financial statements of MoneyGram are prepared in conformity with generally accepted accounting principles in the United States of America (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. The Condensed Consolidated Balance Sheets are unclassified due to the timing uncertainty surrounding the payment of settlement obligations.

Use of Estimates — The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on historical experience, future expectations and other factors and assumptions the Company believes to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis and are revised when necessary. Changes in estimates are recorded in the period of change. Actual amounts may differ from these estimates.

Recent Accounting Pronouncements and Related Developments — In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires organizations to recognize lease assets and lease liabilities on the balance sheet and to disclose key information about leasing arrangements. The classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in the previous lease guidance. The FASB retained the distinction between finance leases and operating leases, leaving the effect of leases in the statement of comprehensive income and the statement of cash flows largely unchanged from previous GAAP. To further assist with adoption and implementation of ASU 2016-02, the FASB issued the following ASUs:

- ASU 2018-10 (Issued July 2018) — *Codification Improvements to Topic 842, Leases*
- ASU 2018-11 (Issued July 2018) — *Leases (Topic 842): Targeted Improvements*
- ASU 2018-20 (Issued December 2018) — *Leases (Topic 842): Narrow-Scope Improvements for Lessors*
- ASU 2019-01 (Issued March 2019) — *Leases (Topic 842): Codification Improvements*

ASU 2018-11 provided entities with an additional transition method to adopt the new lease standard. Under this new transition method, an entity initially applies the new lease standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption, if any. The new lease standard is effective for fiscal years beginning after December 15, 2018. The Company adopted these standards in the first quarter of 2019 utilizing the transition method allowed under ASU 2018-11. See Note 16 — *Leases* for more information related to the Company's leases.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The new credit impairment standard changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, held-to-maturity debt securities, loans and other instruments, entities will be required to use a new forward-looking expected loss model that generally will result in the earlier recognition of allowances for credit losses. For available-for-sale debt securities with unrealized losses, entities will measure credit losses in a manner similar to what they do today, except that the losses will be recognized as allowances rather than as reductions in the amortized cost of the securities. To further assist with adoption and implementation of ASU 2016-13, the FASB issued the following ASU:

- ASU 2018-19 (Issued November 2018) — *Codification Improvements to Topic 326, Financial Instruments - Credit Losses*
- ASU 2019-04 (Issued April 2019) — *Codification Improvements to Topic 326, Financial Instruments - Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments*
- ASU 2019-05 — *Financial Instruments - Credit Losses (Topic 326): Targeted Transition Relief*

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These ASUs are effective for fiscal years beginning after December 15, 2019 and early adoption is permitted. MoneyGram will not be early adopting these standards. We are still evaluating these ASUs, but we do not believe the adoption will have a material impact on our consolidated financial statements.

In February 2018, the FASB issued ASU 2018-02, *Income Statement - Reporting Comprehensive Income (Topic 220) - Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*. The amendments in the standard allow a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the legislation commonly known as the "Tax Cuts and Jobs Act" ("TCJA"). The Company adopted ASU 2018-02 in the first quarter of 2019 and applied the amendments from the accounting update in the period of adoption. The Company reclassified \$15.1 million from Accumulated other comprehensive loss to Retained loss on the Condensed Consolidated Balance Sheets. ASU 2018-02 did not have an impact on the Condensed Consolidated Statements of Operations or the Condensed Consolidated Statements of Cash Flows. See Note 9 — *Stockholders' Deficit* for more information.

In August 2018, the FASB issued ASU 2018-14, *Compensation - Retirement Plans - Defined Benefit Plans - General (Subtopic 715-20): Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefits Plans*. The amendments in this standard require that entities now disclose the weighted-average interest credit ratings for cash balance plans and other plans with promised interest credit ratings and an explanation of the reasons for significant gains and losses related to changes in the benefit obligation for the period, as well as clarify and remove certain other disclosures. This standard is effective for fiscal years ending after December 15, 2020, and, although early adoption is permitted, MoneyGram will not be early adopting this standard. The impact of this ASU is still being evaluated, but management does not expect this standard to have a material impact on our consolidated financial statements.

The Company has determined that there have been no other recently adopted or issued accounting standards that had, or will have, a material impact on its condensed consolidated financial statements.

Note 2 — Restructuring and Reorganization Costs

In 2018, the Company initiated a restructuring and reorganization program (the "Digital Transformation Program") to modernize the business, reduce operating expenses, focus on improving profitability and better align the organization to deliver new digital touch-points for customers and agents. The Digital Transformation Program was substantially completed in the first quarter of 2019. As of June 30, 2019, the Company incurred \$24.5 million in restructuring and reorganization costs. The actual timing and costs of the plan may differ from the Company's current expectations and estimates. On the Condensed Consolidated Statements of Operations, the severance and outplacement benefits and reorganization costs are recorded in "Compensation and benefits," the real estate lease termination and other associated costs are recorded in "Occupancy, equipment and supplies" and "Depreciation and amortization" and the legal and other costs are recorded in "Transaction and operations support."

The following table is a roll-forward of the restructuring and reorganization costs accrual as of June 30, 2019:

<u>(Amounts in millions)</u>	<u>Digital Transformation Program</u>
Balance, December 31, 2018	\$ 6.3
Expenses	4.1
Cash payments	(5.2)
Non-cash operating expenses	(0.1)
Balance, June 30, 2019	<u>\$ 5.1</u>

The following table is a summary of the cumulative restructuring and reorganization costs incurred to date in operating expenses and the estimated remaining restructuring and reorganization costs to be incurred as of June 30, 2019:

<u>(Amounts in millions)</u>	<u>Digital Transformation Program</u>
Cumulative restructuring costs incurred to date in operating expenses	\$ 24.0
Estimated additional restructuring costs to be incurred	0.2
Total restructuring costs incurred and to be incurred	<u>24.2</u>
Total reorganization costs incurred and to be incurred	0.5
Total restructuring and reorganization costs incurred and to be incurred	<u>\$ 24.7</u>

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The following table summarizes the restructuring costs recorded:

<i>(Amounts in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Restructuring costs in operating expenses:				
Compensation and benefits	\$ 0.2	\$ 3.2	\$ 3.2	\$ 9.2
Transaction and operations support	0.2	0.4	0.5	1.6
Occupancy, equipment and supplies	0.1	1.1	0.3	1.2
Depreciation	—	0.3	0.1	0.3
Total restructuring costs in operating expenses	0.5	5.0	4.1	12.3
Reorganization costs in operating expenses:				
Compensation and benefits	—	0.5	—	0.5
Total reorganization costs in operating expenses	—	0.5	—	0.5
Total restructuring and reorganization costs in operating expenses	\$ 0.5	\$ 5.5	\$ 4.1	\$ 12.8

The following table is a summary of the total cumulative restructuring and reorganization costs incurred to date in operating expenses and the total estimated remaining restructuring costs to be incurred by reporting segment:

<i>(Amounts in millions)</i>	Global Funds Transfer	Other	Total
Restructuring costs:			
Balance, December 31, 2018	\$ 19.9	\$ —	\$ 19.9
First quarter 2019	3.6	—	3.6
Second quarter 2019	0.5	—	0.5
Total cumulative restructuring costs incurred to date in operating expenses	24.0	—	24.0
Total estimated additional restructuring costs to be incurred	0.2	—	0.2
Total restructuring costs incurred and to be incurred	24.2	—	24.2
Reorganization costs:			
Balance, December 31, 2018	—	0.5	0.5
Total reorganization costs incurred and to be incurred	—	0.5	0.5
Total restructuring and reorganization costs incurred and to be incurred	\$ 24.2	\$ 0.5	\$ 24.7

Note 3 — Settlement Assets and Payment Service Obligations

The Company records payment service obligations relating to amounts payable under money transfers, money orders and consumer payment service arrangements. These obligations are recognized by the Company at the time the underlying transaction occurs. The Company records corresponding settlement assets, which represent funds received or to be received for unsettled money transfers, money orders and consumer payments.

The following table summarizes the amount of settlement assets and payment service obligations:

<i>(Amounts in millions)</i>	June 30, 2019	December 31, 2018
Settlement assets:		
Settlement cash and cash equivalents	\$ 1,478.0	\$ 1,435.7
Receivables, net	1,002.5	777.7
Interest-bearing investments	957.6	1,154.7
Available-for-sale investments	5.0	5.7
	\$ 3,443.1	\$ 3,373.8
Payment service obligations	\$ (3,443.1)	\$ (3,373.8)

Note 4 — Fair Value Measurement

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability, or the exit price, in an orderly transaction between market participants on the measurement date.

The following table summarizes the Company's financial assets and liabilities measured at fair value by hierarchy level on a recurring basis:

<i>(Amounts in millions)</i>	Level 2	Level 3	Total
June 30, 2019			
Financial assets:			
Available-for-sale investments:			
Residential mortgage-backed securities	\$ 4.0	\$ —	\$ 4.0
Asset-backed and other securities	—	1.0	1.0
Forward contracts	0.2	—	0.2
Total financial assets	\$ 4.2	\$ 1.0	\$ 5.2
Financial liabilities:			
Forward contracts	\$ 1.1	\$ —	\$ 1.1
December 31, 2018			
Financial assets:			
Available-for-sale investments:			
Residential mortgage-backed securities	\$ 4.5	\$ —	\$ 4.5
Asset-backed and other securities	—	1.2	1.2
Forward contracts	—	—	—
Total financial assets	\$ 4.5	\$ 1.2	\$ 5.7
Financial liabilities:			
Forward contracts	\$ 1.2	\$ —	\$ 1.2

The following table provides a roll-forward of the asset-backed and other securities classified as Level 3, which are measured at fair value on a recurring basis:

<i>(Amounts in millions)</i>	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
Beginning balance	\$ 1.4	\$ 1.2
Change in unrealized gains	(0.4)	(0.2)
Ending balance	\$ 1.0	\$ 1.0

Assets and liabilities that are disclosed at fair value — Debt and interest-bearing investments are carried at amortized cost; however, the Company estimates the fair value of debt for disclosure purposes. The fair value of debt is estimated using an observable market quotation (Level 2). The following table is a summary of the Company's fair value and carrying value of debt:

<i>(Amounts in millions)</i>	Fair Value		Carrying Value	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Senior secured credit facility	\$ 858.9	\$ 737.1	\$ 890.0	\$ 904.4

The carrying amounts for the Company's cash and cash equivalents, settlement cash and cash equivalents, receivables, interest-bearing investments and payment service obligations approximate fair value as of June 30, 2019 and December 31, 2018.

Note 5 — Investment Portfolio

The following table shows the components of the investment portfolio:

<i>(Amounts in millions)</i>	June 30, 2019	December 31, 2018
Cash	\$ 1,609.0	\$ 1,578.7
Money market securities	2.5	2.5
Cash and cash equivalents ⁽¹⁾	1,611.5	1,581.2
Interest-bearing investments	957.6	1,154.7
Available-for-sale investments	5.0	5.7
Total investment portfolio	<u>\$ 2,574.1</u>	<u>\$ 2,741.6</u>

⁽¹⁾For purposes of the disclosure of the investment portfolio as a whole, the cash and cash equivalents balance includes settlement cash and cash equivalents.

The following table is a summary of the amortized cost and fair value of available-for-sale investments:

<i>(Amounts in millions)</i>	Amortized Cost	Gross Unrealized Gains	Fair Value
June 30, 2019			
Residential mortgage-backed securities	\$ 3.7	\$ 0.3	\$ 4.0
Asset-backed and other securities	0.2	0.8	1.0
Total	<u>\$ 3.9</u>	<u>\$ 1.1</u>	<u>\$ 5.0</u>
December 31, 2018			
Residential mortgage-backed securities	\$ 4.2	\$ 0.3	\$ 4.5
Asset-backed and other securities	0.2	1.0	1.2
Total	<u>\$ 4.4</u>	<u>\$ 1.3</u>	<u>\$ 5.7</u>

As of June 30, 2019 and December 31, 2018, 80% and 79%, respectively, of the fair value of the available-for-sale portfolio were invested in residential mortgage-backed securities issued by U.S. government agencies. These securities have the implicit backing of the U.S. government and the Company expects to receive full par value upon maturity or pay-down, as well as all interest payments.

Gains and Losses — For the three and six months ended June 30, 2019 and 2018, the Company had no net realized gains or losses. The Company had nominal unrealized losses in its available-for-sale portfolio as of June 30, 2019 and December 31, 2018.

Contractual Maturities — Actual maturities may differ from contractual maturities as borrowers may have the right to call or prepay obligations, sometimes without call or prepayment penalties. Maturities of residential mortgage-backed and asset-backed and other securities depend on the repayment characteristics and experience of the underlying obligations.

Note 6 — Derivative Financial Instruments

The Company uses forward contracts to manage its foreign currency needs and foreign currency exchange risk arising from its assets and liabilities denominated in foreign currencies. While these contracts may mitigate certain foreign currency risk, they are not designated as hedges for accounting purposes and will result in gains and losses. The Company also reports gains and losses from the spread differential between the rate set for its transactions and the actual cost of currency at the time the Company buys or sells in the open market.

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The following net gains related to assets and liabilities denominated in foreign currencies are included in the “Transaction and operations support” line in the Condensed Consolidated Statements of Operations and in the “Net cash provided by operating activities” line in the Condensed Consolidated Statements of Cash Flows:

<i>(Amounts in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net realized foreign currency gain (loss)	\$ 0.4	\$ (4.3)	\$ (3.1)	\$ (3.8)
Net gain from the related forward contracts	0.6	5.6	5.7	5.1
Net gains from foreign currency transactions and related forward contracts	\$ 1.0	\$ 1.3	\$ 2.6	\$ 1.3

As of June 30, 2019 and December 31, 2018, the Company had \$427.7 million and \$300.2 million, respectively, of outstanding notional amounts relating to its foreign currency forward contracts. As of June 30, 2019 and December 31, 2018, the Company reflects the following fair values of derivative forward contract instruments in its Condensed Consolidated Balance Sheets:

<i>(Amounts in millions)</i>	Balance Sheet Location	Gross Amount of Recognized Assets		Gross Amount of Offset		Net Amount of Assets Presented in the Consolidated Balance Sheets	
		June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Forward contracts	Other assets	\$ 0.6	\$ 0.2	\$ (0.4)	\$ (0.2)	\$ 0.2	\$ —

<i>(Amounts in millions)</i>	Balance Sheet Location	Gross Amount of Recognized Liabilities		Gross Amount of Offset		Net Amount of Liabilities Presented in the Consolidated Balance Sheets	
		June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Forward contracts	Accounts payable and other liabilities	\$ 1.5	\$ 1.4	\$ (0.4)	\$ (0.2)	\$ 1.1	\$ 1.2

The Company's forward contracts are primarily executed with counterparties governed by International Swaps and Derivatives Association agreements that generally include standard netting arrangements. Asset and liability positions from forward contracts and all other foreign exchange transactions with the same counterparty are net settled upon maturity.

The Company is exposed to credit loss in the event of non-performance by counterparties to its derivative contracts. The Company actively monitors its exposure to credit risk through the use of credit approvals and credit limits, and by selecting major international banks and financial institutions as counterparties. Collateral generally is not required of the counterparties or of the Company. In the unlikely event the counterparty fails to meet the contractual terms of the derivative contract, the Company's risk is limited to the fair value of the instrument. The Company has not had any historical instances of non-performance by any counterparties, nor does it anticipate any future instances of non-performance.

Note 7 — Debt

The following is a summary of the Company's outstanding debt:

<i>(Amounts in millions, except percentages)</i>	June 30, 2019	December 31, 2018
5.59% first lien credit facility due 2020	\$ —	\$ 904.4
8.44% first lien credit facility due 2023	645.0	—
13.00% second lien credit facility due 2024	245.0	—
Senior secured credit facilities	890.0	904.4
Unamortized debt issuance costs and debt discounts	(47.9)	(3.4)
Total debt, net	\$ 842.1	\$ 901.0

On June 26, 2019, MoneyGram, as borrower, entered into (i) a Second Amended and Restated Credit Agreement (the “First Lien Credit Agreement”) with Bank of America, N.A., as administrative agent, the financial institutions parties thereto as lenders and the other agents party thereto and (ii) a Second Lien Credit Agreement (the “Second Lien Credit Agreement”) with Bank of America, N.A., as administrative agent, the financial parties thereto as lenders and the other agents party thereto. The credit

obtained under the First Lien Credit Agreement and Second Lien Credit Agreement together with MoneyGram's cash on hand were used to extend and/or repay in full all outstanding indebtedness under the Company's existing credit facility. In connection with the termination of the existing credit facility, we recognized debt extinguishment costs of \$2.4 million in the second quarter of 2019. These costs were recorded in "Other non-operating expense (income)" on the Condensed Consolidated Statements of Operations and in "Debt extinguishment costs" on the Condensed Consolidated Statements of Cash Flows.

First Lien Credit Agreement and Revolving Credit Facility — The First Lien Credit Agreement provides for (i) a senior secured three-year revolving credit facility that may be used for revolving credit loans, swingline loans and letters of credit up to an aggregate principal amount of \$35.0 million, which matures September 30, 2022 (the "First Lien Revolving Credit Facility") and (ii) a senior secured four-year term loan facility in an aggregate principal amount of \$645.0 million (the "First Lien Term Credit Facility" and, together with the First Lien Revolving Credit Facility, the "First Lien Credit Facility"). The Company incurred debt issuance costs of \$9.9 million for the First Lien Term Credit Facility, which were recorded as a direct deduction from the carrying amount of the related indebtedness. The Company also incurred debt issuance costs of \$0.5 million for its First Lien Revolving Credit Facility, which were recorded in "Other assets" on its Condensed Consolidated Balance Sheets. The amortization of debt issuance costs is recorded in "Interest expense" on the Condensed Consolidated Statements of Operations.

The First Lien Revolving Credit Facility and the First Lien Term Credit Facility will each permit both base rate borrowings and LIBOR borrowings, in each case plus a spread above the base rate or LIBOR rate, as applicable. With respect to the First Lien Revolving Credit Facility, the spread for base rate borrowings will be either 5.00% per annum or 4.75% per annum depending upon the Company's First Lien Leverage Ratio (as defined in the First Lien Credit Agreement), and the spread for LIBOR borrowings will be either 6.00% or 5.75% per annum depending on the Company's First Lien Leverage Ratio. The interest rate spread applicable to loans under the First Lien Term Credit Facility is 5.00% per annum for base rate loans and 6.00% per annum for LIBOR rate loans. The Company will make quarterly principal payments of \$1.6125 million on its First Lien Term Credit Facility on the last business day of each quarter starting with the third quarter of 2019, with the remaining outstanding principal balance due on the maturity date.

Any borrowings under the First Lien Revolving Credit Facility will be used for general corporate purposes. As of June 30, 2019, the Company had no outstanding letters of credit and no borrowings under the First Lien Revolving Credit Facility.

Second Lien Credit Agreement — The Second Lien Credit Agreement provides for a second lien secured five-year term loan facility in an aggregate principal amount of \$245.0 million (the "Second Lien Term Credit Facility" and together with the First Lien Credit Facility, the "Credit Facilities"). The Company incurred debt issuance costs of \$11.0 million for the Second Lien Term Credit Facility, which were recorded as a direct deduction from the carrying amount of the related indebtedness. All term loans under the Second Lien Term Credit Facility bear interest at a rate of 13.00% per annum. Subject to certain conditions and limitations, the Company may elect to pay interest under the Second Lien Term Credit Facility partially in cash and partially in kind. The outstanding principal balance for the Second Lien Credit Agreement is due on the maturity date.

The Credit Facilities are secured by substantially all of the Company's assets and its material domestic subsidiaries that guarantee the payment and performance of the Company's obligations under the Credit Facilities.

In connection with the entry into the Second Lien Credit Agreement, the Company issued warrants ("Second Lien Warrants") exercisable for an aggregate of 5,423,470 shares of the Company's common stock, par value \$0.01 ("Common Stock") to the lenders under the Second Lien Credit Agreement. As of the issuance date, the value of each Second Lien Warrant was estimated at \$2.41 per share and each Second Lien Warrant will expire ten years after issuance and entitles the holder thereof to purchase a share of Common Stock underlying the Second Lien Warrant for \$0.01 per share. Each Second Lien Warrant will become exercisable upon the earlier of (i) immediately prior to a change in control, (ii) the repayment in full of all amounts outstanding under the Second Lien Credit Agreement, (iii) the maturity date under the Second Lien Credit Agreement or (iv) the occurrence and continuance of a default under the Second Lien Credit Agreement (but only during the continuance of a default).

Debt Covenants and Other Restrictions — The Credit Facilities contain various limitations that restrict the Company's ability to: incur additional indebtedness; create or incur additional liens; effect mergers and consolidations; make certain acquisitions or investments; sell assets or subsidiary stock; pay dividends and make other restricted payments; and effect loans, advances and certain other transactions with affiliates. In addition, the First Lien Revolving Credit Facility requires the Company and its consolidated subsidiaries (w) to maintain a minimum interest coverage ratio, (x) to maintain a minimum asset coverage ratio, (y) to not exceed a maximum first lien leverage ratio, and (z) to not exceed a total leverage ratio. The Second Lien Credit Facility requires the Company not exceed a maximum secured leverage ratio of 5.50:1.00 commencing September 30, 2019.

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The asset coverage covenant contained in the First Lien Credit Agreement requires the aggregate amount of the Company's cash and cash equivalents and other settlement assets exceed its aggregate payment service obligations. The Company's assets in excess of payment service obligations used for the asset coverage calculation were \$133.5 million and \$145.5 million as of June 30, 2019 and December 31, 2018, respectively. The table below summarizes the interest coverage, first lien and total leverage ratio covenants, which are calculated based on the four-fiscal quarter period ending on each quarter end beginning September 30, 2019 through the maturity of the First Lien Credit Facility:

	Interest Coverage Minimum Ratio	First Lien Leverage Ratio Not to Exceed	Total Leverage Ratio Not to Exceed
July 1, 2019 through June 30, 2020	2.50:1	3.750:1	5.125:1
July 1, 2020 through December 31, 2020	2.50:1	3.500:1	5.000:1
January 1, 2021 through maturity	2.50:1	3.000:1	4.500:1

As of June 30, 2019, the Company was in compliance with its financial covenants.

Note 8 — Pension and Other Benefits

The following table is a summary of net periodic benefit expense for the Company's defined benefit pension plan ("Pension Plan") and supplemental executive retirement plans ("SERPs"), collectively referred to as "Pension":

<i>(Amounts in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Settlement charge	\$ 31.3	\$ —	\$ 31.3	\$ —
Interest cost	1.7	1.5	3.4	3.1
Expected return on plan assets	(1.1)	(1.2)	(2.2)	(2.5)
Amortization of net actuarial loss	0.8	1.1	1.7	2.2
Net periodic benefit expense	\$ 32.7	\$ 1.4	\$ 34.2	\$ 2.8

The Company had nominal net periodic benefit expense for the three months ended June 30, 2019 and 2018, and \$0.1 million for the six months ended June 30, 2019 and 2018, for its postretirement medical benefit plan. Net periodic benefit expense for the Pension and Postretirement Benefits is recorded in "Other non-operating expense (income)" on the Condensed Consolidated Statements of Operations.

In June 2019, the Company paid an insurance company \$1.2 million to assume a portion of its Pension Plan liability, without recourse. As a result of the sale, the Company reduced its Pension Plan liability by \$74.3 million and recognized a non-cash charge of \$31.3 million that represents a corresponding portion of the Pension Plan accumulated other comprehensive loss. The transfer of the pension obligations was completed exclusively with the use of pension assets and did not impact the Company's cash balance or liquidity position.

The following tables are a summary of the benefit obligation and plan assets, changes to the benefit obligation and plan assets, and the unfunded status of the Pension and other postretirement benefits for the six months ended June 30, 2019 and year ended December 31, 2019:

<i>(Amounts in millions)</i>	Pension and other postretirement benefits	
	2019	2018
Benefit obligation at period end	\$ 120.4	\$ 191.9
Fair value of plan assets at period end	48.3	115.3
Unfunded status at period end	\$ 72.1	\$ 76.6

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The Company remeasured its pension benefit obligation and related expense as of June 30, 2019, and updated its actuarial projections using assumptions for discount rates, long-term return on assets and other factors. The following table is a summary of the assumptions used in the remeasurement:

	Pension Plan	
	June 30, 2019	December 31, 2018
Net periodic benefit expense:		
Discount rate for benefit obligation	4.25%	3.58%
Discount rate for interest cost	3.83%	3.13%
Expected return on plan assets	3.83%	4.59%
Benefit obligation:		
Discount rate	3.57%	4.25%

Note 9 — Stockholders' Deficit

Common Stock — No dividends were paid during the three and six months ended June 30, 2019 or June 30, 2018.

Securities Purchase Agreement — On June 17, 2019, the Company entered into a securities purchase agreement (the “SPA”) with Ripple Labs Inc. (“Ripple”), pursuant to which Ripple agreed to purchase and the Company agreed to issue up to \$50.0 million of Common Stock and ten-year warrants to purchase Common Stock at \$0.01 per underlying share of Common Stock (“Ripple Warrants”).

In connection with the execution of the SPA, Ripple purchased, and the Company issued, (i) 5,610,923 shares of Common Stock at a purchase price of \$4.10 per share and (ii) a Ripple Warrant to purchase 1,706,151 shares of Common Stock at a per share reference purchase price of \$4.10 per share of Common Stock underlying the Ripple Warrant, for an aggregate purchase price of \$30.0 million. The Company incurred direct and incremental costs of \$0.5 million related to this transaction. The proceeds from the issuance to Ripple net of the direct incremental costs are recorded in "Additional paid-in capital" with the corresponding par value of the Common Stock issued in "Common stock" on the Condensed Consolidated Balance Sheets as of June 30, 2019.

Simultaneously with the execution of the SPA, a bank (the “LOC Bank”) issued a stand-by letter of credit (the “Letter of Credit”) on behalf of Ripple for the benefit of the Company in a face amount equal to \$20.0 million to be used to fund additional purchases of shares of Common Stock and Ripple Warrants by Ripple. Pursuant to the SPA, the Company may elect to issue and sell additional shares of Common Stock and Ripple Warrants to Ripple by drawing on the Letter of Credit in amounts up to \$20.0 million in the aggregate.

The following table is a summary of the Company’s authorized, issued and outstanding stock as of June 30, 2019:

<i>(Shares in thousands)</i>	Common Stock			Treasury Stock
	Authorized	Issued	Outstanding	
January 1, 2019	162,500	58,824	(55,616)	3,207
Release for restricted stock units	—	—	(775)	(775)
Shares issued to Ripple as part of SPA	—	5,611	(5,611)	—
June 30, 2019	162,500	64,434	(62,002)	2,432

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Accumulated Other Comprehensive Loss — The following table is a summary of the significant amounts reclassified out of each component of "Accumulated other comprehensive loss":

<i>(Amounts in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,		Statement of Operations Location
	2019	2018	2019	2018	
Pension and Postretirement Benefits adjustments:					
Amortization of net actuarial loss	\$ 0.9	\$ 1.2	\$ 1.8	\$ 2.3	"Other non-operating expense (income)"
Settlement charge	31.3	—	31.3	—	"Other non-operating expense (income)"
Total before tax	32.2	1.2	33.1	2.3	
Tax benefit, net	(7.5)	(0.4)	(7.6)	(0.6)	
Total reclassified for the period, net of tax	\$ 24.7	\$ 0.8	\$ 25.5	\$ 1.7	

The following table is a summary of the changes to Accumulated other comprehensive loss by component:

<i>(Amounts in millions)</i>	Net Unrealized Gains on Securities Classified as Available-for-sale, Net of Tax	Cumulative Foreign Currency Translation Adjustments, Net of Tax	Pension and Postretirement Benefits Adjustment, Net of Tax	Total
January 1, 2019	\$ 1.9	\$ (24.2)	\$ (45.2)	\$ (67.5)
Cumulative effect of adoption of ASU 2018-02	—	(3.7)	(11.4)	(15.1)
Other comprehensive income (loss) before reclassification	0.2	(3.1)	—	(2.9)
Amounts reclassified from accumulated other comprehensive loss	—	—	0.8	0.8
Net current period other comprehensive income (loss)	0.2	(3.1)	0.8	(2.1)
March 31, 2019	2.1	(31.0)	(55.8)	(84.7)
Other comprehensive (loss) income before reclassification	(0.4)	4.7	(0.5)	3.8
Amounts reclassified from accumulated other comprehensive loss	—	—	24.7	24.7
Net current period other comprehensive (loss) income	(0.4)	4.7	24.2	28.5
June 30, 2019	\$ 1.7	\$ (26.3)	\$ (31.6)	\$ (56.2)

<i>(Amounts in millions)</i>	Net Unrealized Gains on Securities Classified as Available-for-sale, Net of Tax	Cumulative Foreign Currency Translation Adjustments, Net of Tax	Pension and Postretirement Benefits Adjustment, Net of Tax	Total
January 1, 2018	\$ 2.2	\$ (10.4)	\$ (54.8)	\$ (63.0)
Other comprehensive (loss) income before reclassification	(0.2)	2.7	—	2.5
Amounts reclassified from accumulated other comprehensive loss	—	—	0.9	0.9
Net current period other comprehensive (loss) income	(0.2)	2.7	0.9	3.4
March 31, 2018	2.0	(7.7)	(53.9)	(59.6)
Other comprehensive loss before reclassification	—	(9.4)	—	(9.4)
Amounts reclassified from accumulated other comprehensive loss	—	—	0.8	0.8
Net current period other comprehensive (loss) income	—	(9.4)	0.8	(8.6)
June 30, 2018	\$ 2.0	\$ (17.1)	\$ (53.1)	\$ (68.2)

In the first quarter of 2019, the Company adopted ASU 2018-02 and elected to reclassify the stranded tax effects resulting from the TCJA, which changed the U.S. federal corporate income tax rate on the gross deferred tax amounts and related valuation allowances, among other things. The effect from the rate change resulted in a pension and postretirement benefits adjustment reclassification of \$11.4 million from Accumulated other comprehensive loss to Retained loss. Additionally, the Company reclassified \$3.7 million from cumulative foreign currency translation adjustment to Retained loss related to the rate reduction associated with the taxation of the Company's foreign subsidiaries.

Note 10 — Stock-Based Compensation

The following table is a summary of the Company's stock-based compensation expense:

<i>(Amounts in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Stock-based compensation expense	\$ 1.9	\$ 2.7	\$ 4.5	\$ 7.5

Stock Options — The following table is a summary of the Company's stock option activity:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (\$000,000)
Options outstanding at December 31, 2018	1,628,829	\$ 17.20	1.4 years	\$ —
Forfeited/Expired	(1,082,209)	16.20		
Options outstanding, vested or expected to vest, and exercisable at June 30, 2019	546,620	\$ 19.19	2.9 years	\$ —

As of June 30, 2019, the Company had no unrecognized stock option expense related to outstanding options.

Restricted Stock Units — In February 2019, the Company granted time-based restricted stock units. The time-based restricted stock units vest in three equal installments on each anniversary of the grant date.

The following table is a summary of the Company's restricted stock unit activity:

	Total Shares	Weighted-Average Grant-Date Fair Value	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (\$000,000)
Restricted stock units outstanding at December 31, 2018	2,272,606	\$ 9.73	0.8 years	\$ 4.5
Granted	2,136,188	2.41		
Vested and converted to shares	(1,090,738)	8.79		
Forfeited	(162,031)	9.44		
Restricted stock units outstanding at June 30, 2019	3,156,025	\$ 5.12	1.4 years	\$ 7.4
Restricted stock units vested and deferred at June 30, 2019	54,472	\$ 8.26		\$ 0.1

The following table is a summary of the Company's restricted stock unit compensation information:

<i>(Amounts in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Weighted-average grant-date fair value of restricted stock units vested during the period	\$ 0.7	\$ 0.9	\$ 9.6	\$ 16.3
Total intrinsic value of vested and converted shares	\$ 0.3	\$ 0.3	\$ 2.8	\$ 22.0

As of June 30, 2019, the Company's outstanding restricted stock units had unrecognized compensation expense of \$11.6 million with a remaining weighted-average vesting period of 1.4 years. The Company had \$0.3 million of cash-settled restricted stock units for the three and six months ended June 30, 2019.

Note 11 — Income Taxes

For the three months ended June 30, 2019, the Company recognized an income tax benefit of \$7.8 million and on a pre-tax loss of \$35.0 million. For the three months ended June 30, 2019, our income tax rate did not differ significantly from our statutory tax rate.

For the six months ended June 30, 2019, the Company recognized an income tax benefit of \$1.2 million on a pre-tax loss of \$41.9 million. Our income tax rate was lower than the statutory rate primarily due to non-deductible expenses, U.S. taxation of foreign earnings, the reversal of tax benefits on share-based compensation, partially offset by U.S. tax credits net of valuation allowance. Additionally, as a result of the issuance of the final Section 965 regulations by the U.S. Treasury Department and the Internal Revenue Service (the "IRS") on January 15, 2019, the Company recorded a discrete tax expense of \$0.7 million for an increase in its one-time transition tax.

For the three months ended June 30, 2018, the Company recognized an income tax benefit of \$7.4 million on a pre-tax loss of \$5.1 million primarily due to a one-time \$4.0 million deferred tax benefit from a reorganization of our corporate structure and a \$2.6 million reduction of foreign uncertain tax positions, offset by an increase to the Company's provisional tax obligation for the one-time transition tax imposed by the TCJA.

For the six months ended June 30, 2018, the Company recognized an income tax expense of \$7.4 million on a pre-tax income of \$16.8 million, primarily due to non-deductible expenses, including the accrual related to the deferred prosecution agreement (the "DPA"), as discussed in more detail in Note 12 — *Commitments and Contingencies*, and the adverse tax consequences related to the new provisions enacted under the TCJA, which result in multiple taxation of a single item of income.

Unrecognized tax benefits are recorded in "Accounts payable and other liabilities" in the Condensed Consolidated Balance Sheets. As of June 30, 2019 and December 31, 2018, the liability for unrecognized tax benefits was \$17.6 million and \$17.9 million, respectively, exclusive of interest and penalties. For the six months ended June 30, 2019 and 2018, the net amount of unrecognized tax benefits that if recognized could impact the effective tax rate was \$17.6 million and \$17.1 million, respectively. The Company accrues interest and penalties for unrecognized tax benefits through "Income tax (benefit) expense" in the Condensed Consolidated Statements of Operations. For the six months ended June 30, 2019 and 2018, the Company's accrual for interest and penalties increased by \$0.4 million and decreased by \$2.2 million, respectively. As of June 30, 2019 and December 31, 2018, the Company had a liability of \$7.7 million and \$7.3 million, respectively, accrued for interest and penalties within "Accounts payable and other liabilities." As a result of the Company's litigation related to its securities losses discussed in more detail in Note 12 — *Commitments and Contingencies*, it is possible that there could be a significant decrease to the total amount of unrecognized tax benefits over

the next 12 months. However, as of June 30, 2019, it is not possible to reasonably estimate the expected change to the total amount of unrecognized tax positions over the next 12 months.

Note 12 — Commitments and Contingencies

Legal Proceedings — The matters set forth below are subject to uncertainties and outcomes that are not predictable. The Company accrues for these matters as any resulting losses become probable and can be reasonably estimated. Further, the Company maintains insurance coverage for many claims and litigation matters. In relation to various legal matters, including those described below, the Company had \$57.5 million of liability recorded in the “Accounts payable and other liabilities” line in the Condensed Consolidated Balance Sheets as of June 30, 2019 and December 31, 2018. A nominal charge was recorded for legal proceedings for the three months ended June 30, 2019 and 2018, in the “Transaction and operations support” line in the Condensed Consolidated Statements of Operations. For the six months ended June 30, 2019 and 2018, a nominal charge and a charge of \$10.0 million, respectively, were recorded for legal proceedings in the “Transaction and operations support” line in the Condensed Consolidated Statements of Operations.

Litigation Commenced Against the Company:

Class Action Securities Litigation — On November 14, 2018, a putative securities class action lawsuit was filed in the United States District Court for the Northern District of Illinois against MoneyGram and certain of its executive officers. The lawsuit asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and alleges that MoneyGram made material misrepresentations regarding its compliance with the stipulated order for permanent injunction and final judgment that MoneyGram entered into with the Federal Trade Commission (“FTC”) in October 2009 and with the DPA that MoneyGram entered into with the U.S. Attorney’s Office for the Middle District of Pennsylvania and the U.S. Department of Justice in November 2012. The lawsuit seeks unspecified damages, equitable relief, interest, and costs and attorneys’ fees. The Company is vigorously defending this matter. We are unable to predict the outcome, or the possible loss or range of loss, if any, related to this matter.

Shareholder Derivative Litigation — On February 19 and 20, 2019, two virtually identical shareholder derivative lawsuits were filed in the United States District Court for the Northern District of Texas. The suits, which have since been consolidated, purport to assert claims derivatively on behalf of MoneyGram against MoneyGram’s directors and certain of its executive officers for violations of Sections 10(b), 14(a) and 20(a) of the Securities Exchange Act of 1934 and for common-law breach of fiduciary duty and unjust enrichment. The complaints assert that the individual defendants caused MoneyGram to make material misstatements regarding MoneyGram’s compliance with the stipulated order and DPA described in the preceding paragraph and breached their fiduciary duties in connection with MoneyGram’s compliance programs. The lawsuit seeks unspecified damages, equitable relief, interest, and costs and attorneys’ fees. The Company is vigorously defending this matter. We are unable to predict the outcome, or the possible loss or range of loss, if any, related to this matter.

Books and Records Requests — The Company has received multiple requests from various putative shareholders for inspection of books and records pursuant to Section 220 of the Delaware General Corporation Law relating to the subject matter of the putative class and derivative lawsuits described in the preceding paragraphs. On February 26, 2019, two of these shareholders filed a petition in the Delaware Court of Chancery to compel MoneyGram to produce books and records in accordance with their request but have since dismissed their action. The Company is vigorously defending the remaining requests. We are unable to predict the outcome, or the possible loss or range of loss, if any, related to these matters.

It is possible that additional shareholder lawsuits could be filed relating to the subject matter of the class action, derivative actions and Section 220 requests.

Other Matters — The Company is involved in various other claims and litigation that arise from time to time in the ordinary course of the Company’s business. Management does not believe that after final disposition any of these matters is likely to have a material adverse impact on the Company’s financial condition, results of operations or cash flows.

Government Investigations:

OFAC — In 2015, we initiated an internal investigation to identify any payments processed by the Company that were violations of the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) sanctions regulations. We notified OFAC of the internal investigation, which was conducted in conjunction with the Company’s outside counsel. On March 28, 2017, we filed a Voluntary Self-Disclosure with OFAC regarding the findings of our internal investigation. OFAC is currently reviewing the results of the Company’s investigation. At this time, it is not possible to determine the outcome of this matter, or the significance, if any, to our business, financial condition, or operations, and we cannot predict when OFAC will conclude its review of our Voluntary Self-Disclosure.

Deferred Prosecution Agreement — In November 2012, we announced that a settlement was reached with the U.S. Attorney's Office for the Middle District of Pennsylvania (the "MDPA") and the U.S. Department of Justice, Criminal Division, Money Laundering and Asset Recovery Section (the "U.S. DOJ") relating to the previously disclosed investigation of transactions involving certain of our U.S. and Canadian agents, as well as fraud complaint data and the consumer anti-fraud program, during the period from 2003 to early 2009. In connection with this settlement, we entered into the DPA with the MDPA and U.S. DOJ (collectively, the "Government") dated November 9, 2012.

On November 1, 2017, the Company agreed to a stipulation with the Government that the five-year term of the Company's DPA be extended for 90 days to February 6, 2018. Between January 31, 2018 and September 14, 2018, the Company agreed to enter into various extensions of the DPA with the Government, with the last extension ending on November 6, 2018. Each extension of the DPA extended all terms of the DPA, including the term of the monitorship for an equivalent period. The purpose of the extensions was to provide the Company and the Government additional time to discuss whether the Company was in compliance with the DPA.

On November 8, 2018, the Company announced that it entered into (1) an Amendment to and Extension of Deferred Prosecution Agreement (the "Amended DPA") with the Government and (2) a Stipulated Order for Compensatory Relief and Modified Order for Permanent Injunction (the "Consent Order") with the FTC. The motions underlying the Amended DPA and Consent Order focus primarily on the Company's anti-fraud and anti-money laundering programs, including whether the Company had adequate controls to prevent third parties from using its systems to commit fraud. The Amended DPA amended and extended the original DPA entered into on November 9, 2012 by and between the Company and the Government. The DPA, Amended DPA and Consent Order are collectively referred to herein as the "Agreements."

Under the Agreements, the Company will, among other things, (1) pay an aggregate amount of \$125.0 million to the Government, of which \$70.0 million was paid in November 2018 and the remaining \$55.0 million must be paid by May 8, 2020, eighteen months after the date of the Amended DPA, and is being made available to reimburse consumers who were the victims of third-party fraud conducted through the Company's money transfer services, and (2) continue to retain an independent compliance monitor until May 10, 2021 to review and assess actions taken by the Company under the Agreements to further enhance its compliance program. No separate payment to the FTC is required under the Agreements. If the Company fails to comply with the Agreements, it could face criminal prosecution, civil litigation, significant fines, damage awards or regulatory consequences which could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

NYDFS — On June 22, 2018, the Company received a request for production of documents from the New York Department of Financial Services (the "NYDFS") related to the subject of the DPA and FTC matters described above. This request followed previous inquiries by the NYDFS regarding certain of our New York based agents. Following the June 22, 2018 request for production, the Company received and responded to several inquiries from the NYDFS related to this matter. The NYDFS did not indicate what, if any, action it intended to take in connection with this matter, although it is possible that it could seek additional information, initiate civil litigation and/or seek to impose fines, damages or other regulatory consequences, any or all of which could have an adverse effect on the Company's business, financial condition, results of operations and cash flows. The Company is unable to predict the outcome, or the possible loss or range of loss, if any, that could be associated with this matter.

Other Matters — The Company is involved in various other government inquiries and other matters that arise from time to time. Management does not believe that after final disposition any of these other matters is likely to have a material adverse impact on the Company's financial condition, results of operations or cash flows.

Actions Commenced by the Company:

Tax Litigation — The IRS completed its examination of the Company's consolidated income tax returns through 2013 and issued Notices of Deficiency for 2005-2007 and 2009, and an Examination Report for 2008. The Notices of Deficiency and Examination Report disallow, among other items, approximately \$900.0 million of ordinary deductions on securities losses in the 2007, 2008 and 2009 tax returns. In May 2012 and December 2012, the Company filed petitions in the U.S. Tax Court challenging the 2005-2007 and 2009 Notices of Deficiency, respectively. In 2013, the Company reached a partial settlement with the IRS allowing ordinary loss treatment on \$186.9 million of deductions in dispute. In January 2015, the U.S. Tax Court granted the IRS's motion for summary judgment upholding the remaining adjustments in the Notices of Deficiency. The Company filed a notice of appeal with the U.S. Tax Court on July 27, 2015 for an appeal to the U.S. Court of Appeals for the Fifth Circuit. Oral arguments were held before the Fifth Circuit on June 7, 2016, and on November 15, 2016, the Fifth Circuit vacated the Tax Court's decision and remanded the case to the Tax Court for further proceedings. The Company filed a motion for summary judgment in the Tax Court on May 31, 2017. On August 23, 2017, the IRS filed a motion for summary judgment and its response to the Company's motion for summary judgment. The Tax Court directed the parties to agree to a joint stipulation of facts, which the parties have filed with the court. Each party has since filed updated memorandums in support of its motions for summary judgment in the Tax Court. The Tax Court is expected to schedule oral argument on this matter in late 2019.

The January 2015 Tax Court decision was a change in facts which warranted reassessment of the Company's uncertain tax position. Although the Company believes that it has substantive tax law arguments in favor of its position and has appealed the ruling, the

reassessment resulted in the Company determining that it is no longer more likely than not that its existing position will be sustained. Accordingly, the Company re-characterized certain deductions relating to securities losses to be capital in nature, rather than ordinary. The Company recorded a full valuation allowance against these losses in the quarter ended March 31, 2015. This change increased "Income tax expense" in the Consolidated Statements of Operations in the quarter ended March 31, 2015 by \$63.7 million. During 2015, the Company made payments to the IRS of \$61.0 million for federal tax payments and associated interest related to the matter. The November 2016 Fifth Circuit decision to remand the case back to the U.S. Tax Court does not change the Company's current assessment regarding the likelihood that these deductions will be sustained. Accordingly, no change in the valuation allowance was made as of June 30, 2019. Pending the outcome of the Tax Court proceeding, the Company may be required to file amended state returns and make additional cash payments of up to \$19.7 million on amounts that have previously been accrued.

Note 13 — Earnings per Common Share

For all periods in which it is outstanding, the Series D Participating Convertible Preferred Stock (the "D Stock") is included in the weighted-average number of common shares outstanding utilized to calculate basic earnings per common share because the D Stock is deemed a common stock equivalent. Diluted earnings per common share reflects the potential dilution that could result if securities or incremental shares arising out of the Company's stock-based compensation plans were exercised or converted into common stock. Diluted earnings per common share assumes the exercise of stock options using the treasury stock method.

The following table is a reconciliation of the weighted-average amounts used in calculating (loss) earnings per share:

<i>(Amounts in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Basic common shares outstanding	66.1	64.5	65.5	64.1
Shares related to stock options and restricted stock units	—	1.9	—	2.2
Diluted common shares outstanding	66.1	66.4	65.5	66.3

Potential common shares are excluded from the computation of diluted earnings per common share when the effect would be anti-dilutive. All potential common shares are anti-dilutive in periods of net loss available to common stockholders. Stock options are anti-dilutive when the exercise price of these instruments is greater than the average market price of the Company's common stock for the period, regardless of whether the Company is in a period of net loss available to common shareholders. The following table summarizes the weighted-average potential common shares excluded from diluted (loss) earnings per common share as their effect would be anti-dilutive:

<i>(Amounts in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Shares related to stock options	1.1	1.9	1.2	1.9
Shares related to restricted stock units	3.0	0.4	2.7	0.2
Shares related to warrants	0.6	—	0.3	—
Shares excluded from the computation	4.7	2.3	4.2	2.1

Note 14 — Segment Information

The Company's reporting segments are primarily organized based on the nature of products and services offered and the type of consumer served. The Company has two reporting segments: Global Funds Transfer and Financial Paper Products. See Note 1 — *Description of the Business and Basis for Presentation* for further discussion on our segments. Walmart Inc. is our only agent, for both the Global Funds Transfer segment and the Financial Paper Products segment, that accounts for more than 10% of total revenue. For the three months ended June 30, 2019 and 2018, Walmart accounted for 16% of total revenue, and for the six months ended June 30, 2019 and 2018, Walmart accounted for 16% and 17%, respectively, of total revenue.

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The following table is a summary of the total revenue by segment:

<i>(Amounts in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Global Funds Transfer revenue				
Money transfer revenue	\$ 282.2	\$ 329.7	\$ 555.5	\$ 666.3
Bill payment revenue	15.0	19.5	30.9	40.3
Total Global Funds Transfer revenue	297.2	349.2	586.4	706.6
Financial Paper Products revenue				
Money order revenue	13.6	14.2	27.5	27.6
Official check revenue	13.0	11.2	25.3	20.4
Total Financial Paper Products revenue	26.6	25.4	52.8	48.0
Total revenue	\$ 323.8	\$ 374.6	\$ 639.2	\$ 754.6

The following table is a summary of the operating income by segment and detail of the (loss) income before income taxes:

<i>(Amounts in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Global Funds Transfer operating income	\$ 5.6	\$ 5.7	\$ 6.7	\$ 7.1
Financial Paper Products operating income	10.0	7.1	18.2	12.7
Total segment operating income	15.6	12.8	24.9	19.8
Other operating loss	(1.3)	(2.8)	(2.0)	(4.1)
Total operating income	14.3	10.0	22.9	15.7
Interest expense	14.0	13.7	27.9	26.0
Other non-operating expense (income)	35.3	1.4	36.9	(27.1)
(Loss) income before income taxes	\$ (35.0)	\$ (5.1)	\$ (41.9)	\$ 16.8

The following table sets forth assets by segment:

<i>(Amounts in millions)</i>	June 30, 2019	December 31, 2018
Global Funds Transfer	\$ 1,389.4	\$ 1,287.1
Financial Paper Products	2,932.0	2,950.7
Other	62.2	58.3
Total assets	\$ 4,383.6	\$ 4,296.1

Note 15 — Revenue Recognition

The following table is a summary of the Company's revenue streams disaggregated by services and products for each segment and timing of revenue recognition for such services and products excluding other revenue:

<i>(Amounts in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Global Funds Transfer revenue				
Money transfer fee revenue	\$ 279.3	\$ 323.8	\$ 549.2	\$ 654.4
Bill payment services fee revenue	15.0	19.5	30.9	40.3
Other revenue	2.9	5.9	6.3	11.9
Total Global Funds Transfer fee and other revenue	297.2	349.2	586.4	706.6
Financial Paper Products revenue				
Money order fee revenue	2.2	2.9	4.5	6.0
Official check outsourcing services fee revenue	2.2	2.4	4.3	4.6
Other revenue	7.7	8.0	15.1	15.4
Total Financial Paper Products fee and other revenue	12.1	13.3	23.9	26.0
Investment revenue	14.5	12.1	28.9	22.0
Total revenue	\$ 323.8	\$ 374.6	\$ 639.2	\$ 754.6
Timing of revenue recognition:				
Services and products transferred at a point in time	\$ 296.5	\$ 346.2	\$ 584.6	\$ 700.7
Products transferred over time	2.2	2.4	4.3	4.6
Total revenue from services and products	298.7	348.6	588.9	705.3
Investment revenue	14.5	12.1	28.9	22.0
Other revenue	10.6	13.9	21.4	27.3
Total revenue	\$ 323.8	\$ 374.6	\$ 639.2	\$ 754.6

Due to the short-term nature of the Company's services and products, the amount of contract assets and liabilities on the Condensed Consolidated Balance Sheets as of June 30, 2019 and December 31, 2018, is negligible. Assets for unsettled money transfers, money orders and consumer payments are included in "Settlement assets" with a corresponding liability recorded in "Payment service obligations" on the Condensed Consolidated Balance Sheets. For more information on these assets and liabilities see Note 3 — *Settlement Assets and Payment Service Obligations*.

Note 16 — Leases

The Company's leases consist primarily of operating leases for buildings, equipment and vehicles. Upon adoption of Accounting Standards Codification Topic 842 on January 1, 2019, the Company recognized an operating lease liability of \$57.1 million and a Right-of-Use ("ROU") operating asset of \$53.9 million. The lease liability is calculated based on the remaining minimum rental payments under current leasing standards for existing operating leases and the ROU asset is calculated the same as the lease liability, but it includes \$3.2 million of accrued rent as of December 31, 2018. The ROU asset is presented on the Condensed Consolidated Balance Sheets as part of "Other assets" and the lease liability is included in "Accounts payable and other liabilities." The amortization of the ROU asset and changes in the lease liability are presented as part of "Change in other assets" and "Change in accounts payable and other liabilities," respectively, on the Condensed Consolidated Statements of Cash Flows. As of June 30, 2019, the Company had an ROU asset of \$46.8 million and a lease liability of \$49.7 million on the Condensed Consolidated Balance Sheets. We elected the package of practical expedients, which permitted us to not reassess under the new standard our prior conclusions about lease identification, lease classification and initial direct costs. We did not elect the use of the hindsight practical expedient or the practical expedient pertaining to land easements, as the latter was not applicable to us. We also elected the short-term lease recognition exemption for all leases that qualify. This means, for those leases that qualify, we did not recognize ROU assets or lease liabilities. The Company elected the practical expedient to not separate lease and non-lease components for our real estate and vehicle leases.

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The Company's various noncancellable operating leases for buildings, equipment and vehicles terminate through 2028. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. As of June 30, 2019, the leases had a weighted-average remaining lease term of 4.5 years. As most of our leases do not provide an implicit rate, the Company utilized the portfolio approach in determining the discount rate. The portfolios were grouped based on lease type and geographical location. As of June 30, 2019, the weighted-average discount rate was 4.5%.

The Company recognizes rent expense for operating leases under the straight-line method over the term of the lease where differences between the monthly cash payments and the lease expense are offset to the ROU asset on the Condensed Consolidated Balance Sheet. Lease expense for buildings and equipment is included in the "Occupancy, equipment and supplies" line on the Condensed Consolidated Statements of Operations, while lease expense for our vehicles is included in the "Compensation and benefits" line. Some of the Company's building leases include rent expense that is associated with an index or a rate. Subsequent changes from the original index or rate would be treated as variable lease expense. Furthermore, future changes to the non-lease components of our real estate and vehicle leases will be treated as variable lease expenses. Tenant improvements are capitalized as leasehold improvements and depreciated over the shorter of the remaining term of the lease or 10 years.

The following table is a summary of the Company's lease expense for its operating leases:

<i>(Amounts in millions)</i>	Three Months Ended June 30,	Six Months Ended June 30,
	2019	2019
Buildings, equipment and vehicle leases	\$ 3.8	\$ 7.9
Short-term lease cost	0.3	0.7
Variable lease cost	0.4	0.4
Total lease cost	\$ 4.5	\$ 9.0

Supplemental cash flow information related to leases was as follows:

<i>(Amounts in millions)</i>	Six Months Ended June 30, 2019
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 9.1
ROU assets obtained in exchange for lease obligations	\$ 0.6

Maturities of operating lease liabilities as of June 30, 2019 were as follows:

<i>(Amounts in millions)</i>	Future Minimum Lease Payments
July 1, 2019 to December 31, 2019	\$ 7.4
2020	14.5
2021	12.2
2022	9.2
2023	5.8
Thereafter	5.1
Total	54.2
Less: present value discount	(4.5)
Lease liability - operating	\$ 49.7

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Future minimum lease payments for our noncancellable leases as of December 31, 2018, prior to the adoption of the new lease standard discussed in Note 1 — *Description of the Business and Basis of Presentation*, were as follows:

<u>(Amounts in millions)</u>	Future Minimum Lease Payments	
2019	\$	17.5
2020		14.7
2021		12.3
2022		9.2
2023		5.8
Thereafter		5.2
Total	\$	<u>64.7</u>

Note 17 — Condensed Consolidating Financial Statements

In the event the Company offers debt securities pursuant to an effective registration statement on Form S-3, these debt securities may be guaranteed by certain of its subsidiaries. Accordingly, the Company is providing condensed consolidating financial information in accordance with Securities and Exchange Commission ("SEC") Regulation S-X Rule 3-10, *Financial Statements of Guarantors and Issuers of Guaranteed Securities Registered or Being Registered*. If the Company issues debt securities, the following 100 percent directly or indirectly owned subsidiaries could fully and unconditionally guarantee the debt securities on a joint and several basis: MoneyGram Payment Systems Worldwide, Inc., MoneyGram Payment Systems, Inc. and MoneyGram International Payment Systems, Inc. (collectively, the "Guarantors").

The following information represents Condensed Consolidating Balance Sheets as of June 30, 2019 and December 31, 2018, along with Condensed Consolidating Statements of Operations for the three and six months ended June 30, 2019 and 2018, and Condensed Consolidating Statements of Cash Flows for the six months ended June 30, 2019 and 2018. The condensed consolidating financial information presents financial information in separate columns for MoneyGram International, Inc. on a Parent-only basis carrying its investment in subsidiaries under the equity method; Guarantors on a combined basis, carrying investments in subsidiaries that are not expected to guarantee the debt (collectively, the "Non-Guarantors") under the equity method; Non-Guarantors on a combined basis; and eliminating entries. The eliminating entries primarily reflect intercompany transactions, such as accounts receivable and payable, fee revenue and commissions expense and the elimination of equity investments and income in subsidiaries.

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATING BALANCE SHEET
AS OF JUNE 30, 2019

<i>(Amounts in millions)</i>	Parent	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
ASSETS					
Cash and cash equivalents	\$ —	\$ —	\$ 133.5	\$ —	\$ 133.5
Settlement assets	—	3,359.5	83.6	—	3,443.1
Property and equipment, net	—	174.8	8.5	—	183.3
Goodwill	—	440.3	1.9	—	442.2
Other assets	70.5	396.4	74.8	(360.2)	181.5
Equity investments in subsidiaries	717.1	46.2	—	(763.3)	—
Intercompany receivables	—	44.8	159.3	(204.1)	—
Total assets	\$ 787.6	\$ 4,462.0	\$ 461.6	\$ (1,327.6)	\$ 4,383.6
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY					
Payment service obligations	\$ —	\$ 3,359.5	\$ 83.6	\$ —	\$ 3,443.1
Debt, net	842.1	—	—	—	842.1
Pension and other postretirement benefits	—	72.1	—	—	72.1
Accounts payable and other liabilities	2.1	300.9	320.2	(360.2)	263.0
Intercompany liabilities	180.1	12.4	11.6	(204.1)	—
Total liabilities	1,024.3	3,744.9	415.4	(564.3)	4,620.3
Total stockholders' (deficit) equity	(236.7)	717.1	46.2	(763.3)	(236.7)
Total liabilities and stockholders' (deficit) equity	\$ 787.6	\$ 4,462.0	\$ 461.6	\$ (1,327.6)	\$ 4,383.6

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED JUNE 30, 2019

<i>(Amounts in millions)</i>	Parent	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
REVENUE					
Fee and other revenue	\$ —	\$ 223.6	\$ 89.4	\$ (3.7)	\$ 309.3
Investment revenue	—	14.3	0.2	—	14.5
Total revenue	—	237.9	89.6	(3.7)	323.8
EXPENSES					
Fee and other commissions expense	—	74.6	80.8	—	155.4
Investment commissions expense	—	6.2	—	—	6.2
Direct transaction expense	—	6.2	—	—	6.2
Total commissions and direct transaction expenses	—	87.0	80.8	—	167.8
Compensation and benefits	—	33.6	19.9	—	53.5
Transaction and operations support	0.3	47.4	10.5	(3.7)	54.5
Occupancy, equipment and supplies	—	12.1	3.4	—	15.5
Depreciation and amortization	—	24.0	1.3	(7.1)	18.2
Total operating expenses	0.3	204.1	115.9	(10.8)	309.5
OPERATING (LOSS) INCOME	(0.3)	33.8	(26.3)	7.1	14.3
Other expenses					
Interest expense	14.0	—	—	—	14.0
Other non-operating expense	2.4	32.9	—	—	35.3
Total other expenses	16.4	32.9	—	—	49.3
(Loss) income before income taxes	(16.7)	0.9	(26.3)	7.1	(35.0)
Income tax (benefit) expense	(3.9)	(4.0)	0.1	—	(7.8)
(Loss) income after income taxes	(12.8)	4.9	(26.4)	7.1	(27.2)
Equity loss in subsidiaries	(21.5)	(26.4)	—	47.9	—
NET LOSS	(34.3)	(21.5)	(26.4)	55.0	(27.2)
OTHER COMPREHENSIVE INCOME	28.5	28.5	4.7	(33.2)	28.5
COMPREHENSIVE (LOSS) INCOME	\$ (5.8)	\$ 7.0	\$ (21.7)	\$ 21.8	\$ 1.3

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2019

<i>(Amounts in millions)</i>	Parent	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
REVENUE					
Fee and other revenue	\$ —	\$ 459.8	\$ 176.6	\$ (26.1)	\$ 610.3
Investment revenue	—	28.5	0.4	—	28.9
Total revenue	—	488.3	177.0	(26.1)	639.2
EXPENSES					
Fee and other commissions expense	—	173.2	131.8	—	305.0
Investment commissions expense	—	12.5	—	—	12.5
Direct transaction expense	—	11.2	—	—	11.2
Total commissions and direct transaction expenses	—	196.9	131.8	—	328.7
Compensation and benefits	—	71.8	41.1	—	112.9
Transaction and operations support	0.8	112.0	19.9	(26.1)	106.6
Occupancy, equipment and supplies	—	24.2	6.7	—	30.9
Depreciation and amortization	—	48.4	3.0	(14.2)	37.2
Total operating expenses	0.8	453.3	202.5	(40.3)	616.3
OPERATING (LOSS) INCOME	(0.8)	35.0	(25.5)	14.2	22.9
Other expenses					
Interest expense	27.9	—	—	—	27.9
Other non-operating expense	2.5	34.4	—	—	36.9
Total other expenses	30.4	34.4	—	—	64.8
(Loss) income before income taxes	(31.2)	0.6	(25.5)	14.2	(41.9)
Income tax (benefit) expense	(7.2)	5.3	0.7	—	(1.2)
Loss after income taxes	(24.0)	(4.7)	(26.2)	14.2	(40.7)
Equity loss in subsidiaries	(30.9)	(26.2)	—	57.1	—
NET LOSS	(54.9)	(30.9)	(26.2)	71.3	(40.7)
OTHER COMPREHENSIVE INCOME	26.4	26.4	1.6	(28.0)	26.4
COMPREHENSIVE LOSS	\$ (28.5)	\$ (4.5)	\$ (24.6)	\$ 43.3	\$ (14.3)

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2019

<i>(Amounts in millions)</i>	Parent	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	\$ (55.5)	\$ 122.6	\$ (29.0)	\$ —	\$ 38.1
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property and equipment	—	(27.3)	(1.9)	—	(29.2)
Intercompany investments	—	(18.9)	—	18.9	—
Dividend from subsidiary guarantors	75.7	—	—	(75.7)	—
Net cash provided by (used in) investing activities	75.7	(46.2)	(1.9)	(56.8)	(29.2)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Transaction costs for issuance and amendment of debt	(21.3)	—	—	—	(21.3)
Principal payments on debt	(28.4)	—	—	—	(28.4)
Net proceeds from issuing equity instruments	29.5	—	—	—	29.5
Dividend to parent	—	(75.7)	—	75.7	—
Intercompany financings	—	—	18.9	(18.9)	—
Payments to tax authorities for stock-based compensation	—	(0.7)	—	—	(0.7)
Net cash (used in) provided by financing activities	(20.2)	(76.4)	18.9	56.8	(20.9)
NET CHANGE IN CASH AND CASH EQUIVALENTS	—	—	(12.0)	—	(12.0)
CASH AND CASH EQUIVALENTS—Beginning of period	—	—	145.5	—	145.5
CASH AND CASH EQUIVALENTS—End of period	\$ —	\$ —	\$ 133.5	\$ —	\$ 133.5

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATING BALANCE SHEET
AS OF DECEMBER 31, 2018

<i>(Amounts in millions)</i>	Parent	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
ASSETS					
Cash and cash equivalents	\$ —	\$ —	\$ 145.5	\$ —	\$ 145.5
Settlement assets	—	3,313.1	60.7	—	3,373.8
Property and equipment, net	—	182.7	11.2	—	193.9
Goodwill	—	440.3	1.9	—	442.2
Other assets	63.1	257.6	33.6	(213.6)	140.7
Equity investments in subsidiaries	779.8	180.9	—	(960.7)	—
Intercompany receivables	—	188.5	174.5	(363.0)	—
Total assets	\$ 842.9	\$ 4,563.1	\$ 427.4	\$ (1,537.3)	\$ 4,296.1
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY					
Payment service obligations	\$ —	\$ 3,313.1	\$ 60.7	\$ —	\$ 3,373.8
Debt, net	901.0	—	—	—	901.0
Pension and other postretirement benefits	—	76.6	—	—	76.6
Accounts payable and other liabilities	1.7	247.5	177.9	(213.6)	213.5
Intercompany liabilities	209.0	146.1	7.9	(363.0)	—
Total liabilities	1,111.7	3,783.3	246.5	(576.6)	4,564.9
Total stockholders' (deficit) equity	(268.8)	779.8	180.9	(960.7)	(268.8)
Total liabilities and stockholders' (deficit) equity	\$ 842.9	\$ 4,563.1	\$ 427.4	\$ (1,537.3)	\$ 4,296.1

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED JUNE 30, 2018

<i>(Amounts in millions)</i>	Parent	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
REVENUE					
Fee and other revenue	\$ —	\$ 239.5	\$ 226.4	\$ (103.4)	\$ 362.5
Investment revenue	—	11.1	1.0	—	12.1
Total revenue	—	250.6	227.4	(103.4)	374.6
EXPENSES					
Fee and other commissions expense	—	53.8	125.5	(0.4)	178.9
Investment commissions expense	—	4.5	—	—	4.5
Direct transaction expense	—	7.0	—	—	7.0
Total commissions and direct transaction expenses	—	65.3	125.5	(0.4)	190.4
Compensation and benefits	—	39.5	25.6	—	65.1
Transaction and operations support	0.6	114.6	60.2	(103.4)	72.0
Occupancy, equipment and supplies	—	12.7	4.3	—	17.0
Depreciation and amortization	—	17.2	10.2	(7.3)	20.1
Total operating expenses	0.6	249.3	225.8	(111.1)	364.6
OPERATING (LOSS) INCOME	(0.6)	1.3	1.6	7.7	10.0
Other expenses					
Interest expense	13.7	—	—	—	13.7
Other non-operating expense	—	1.4	—	—	1.4
Total other expenses	13.7	1.4	—	—	15.1
(Loss) income before income taxes	(14.3)	(0.1)	1.6	7.7	(5.1)
Income tax (benefit) expense	(3.3)	(6.0)	1.9	—	(7.4)
(Loss) income after income taxes	(11.0)	5.9	(0.3)	7.7	2.3
Equity income (loss) in subsidiaries	5.6	(0.3)	—	(5.3)	—
NET (LOSS) INCOME	(5.4)	5.6	(0.3)	2.4	2.3
OTHER COMPREHENSIVE LOSS	(6.8)	(6.0)	(9.2)	13.4	(8.6)
COMPREHENSIVE LOSS	\$ (12.2)	\$ (0.4)	\$ (9.5)	\$ 15.8	\$ (6.3)

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2018

<i>(Amounts in millions)</i>	Parent	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
REVENUE					
Fee and other revenue	\$ —	\$ 463.7	\$ 444.1	\$ (175.2)	\$ 732.6
Investment revenue	—	20.1	1.9	—	22.0
Total revenue	—	483.8	446.0	(175.2)	754.6
EXPENSES					
Fee and other commissions expense	—	107.8	248.0	(0.4)	355.4
Investment commissions expense	—	8.0	—	—	8.0
Direct transaction expense	—	12.5	—	—	12.5
Total commissions and direct transaction expenses	—	128.3	248.0	(0.4)	375.9
Compensation and benefits	—	90.4	54.0	—	144.4
Transaction and operations support	1.0	208.2	112.8	(175.2)	146.8
Occupancy, equipment and supplies	—	19.3	14.3	—	33.6
Depreciation and amortization	—	33.1	19.8	(14.7)	38.2
Total operating expenses	1.0	479.3	448.9	(190.3)	738.9
OPERATING (LOSS) INCOME	(1.0)	4.5	(2.9)	15.1	15.7
Other expenses (income)					
Interest expense	26.0	—	—	—	26.0
Other non-operating income	—	(27.1)	—	—	(27.1)
Total other expenses (income)	26.0	(27.1)	—	—	(1.1)
(Loss) income before income taxes	(27.0)	31.6	(2.9)	15.1	16.8
Income tax (benefit) expense	(6.2)	9.6	4.0	—	7.4
(Loss) income after income taxes	(20.8)	22.0	(6.9)	15.1	9.4
Equity income (loss) in subsidiaries	15.1	(6.9)	—	(8.2)	—
NET (LOSS) INCOME	(5.7)	15.1	(6.9)	6.9	9.4
OTHER COMPREHENSIVE LOSS	(3.2)	(2.6)	(6.3)	6.9	(5.2)
COMPREHENSIVE (LOSS) INCOME	\$ (8.9)	\$ 12.5	\$ (13.2)	\$ 13.8	\$ 4.2

MONEYGRAM INTERNATIONAL, INC.
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2018

<i>(Amounts in millions)</i>	Parent	Subsidiary Guarantors	Non- Guarantors	Eliminations	Consolidated
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	\$ (24.6)	\$ (157.4)	\$ 231.9	\$ —	\$ 49.9
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property and equipment	—	(24.8)	(3.7)	—	(28.5)
Intercompany investments	(1.7)	208.2	—	(206.5)	—
Dividend from subsidiary guarantors	29.5	—	—	(29.5)	—
Net cash provided by (used in) investing activities	27.8	183.4	(3.7)	(236.0)	(28.5)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Principal payments on debt	(4.9)	—	—	—	(4.9)
Dividend to parent	—	(29.5)	—	29.5	—
Intercompany financings	—	—	(206.5)	206.5	—
Payments to tax authorities for stock-based compensation	—	(6.1)	—	—	(6.1)
Net cash used in financing activities	(4.9)	(35.6)	(206.5)	236.0	(11.0)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1.7)	(9.6)	21.7	—	10.4
CASH AND CASH EQUIVALENTS—Beginning of period	1.7	9.6	178.7	—	190.0
CASH AND CASH EQUIVALENTS—End of period	\$ —	\$ —	\$ 200.4	\$ —	\$ 200.4

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The purpose of this Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is to provide an understanding of MoneyGram International, Inc.'s ("MoneyGram," the "Company," "we," "us" and "our") financial condition, results of operations and cash flows by focusing on changes in certain key measures. This MD&A is provided as a supplement to, and should be read in conjunction with, our Condensed Consolidated Financial Statements and related Notes included in this Quarterly Report on Form 10-Q and the Consolidated Financial Statements and Notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018. This discussion contains forward-looking statements that involve risks and uncertainties. MoneyGram's actual results could differ materially from those anticipated due to various factors discussed below under "*Cautionary Statements Regarding Forward-Looking Statements*" and elsewhere in this Quarterly Report on Form 10-Q.

The comparisons presented in this MD&A refer to the same period in the prior year, unless otherwise noted. This MD&A is organized in the following sections:

- Overview
- Results of Operations
- Liquidity and Capital Resources
- Critical Accounting Policies and Estimates
- Cautionary Statements Regarding Forward-Looking Statements

OVERVIEW

MoneyGram is a leading global financial technology company that provides innovative services around the world. Our money transfer services connect family and friends through an omnichannel network designed to deliver unparalleled choice and convenience. Whether through our mobile application, moneygram.com, integration with mobile wallets, a kiosk, or any one of the thousands of agent locations in more than 200 countries and territories, we connect consumers in ways designed to be convenient for them. We also provide bill payment services, issue money orders and process official checks in the U.S. and in select countries and territories. We primarily offer our services and products through third-party agents and directly to consumers through our Digital solutions. Third-party agents include retail chains, independent retailers, post offices and financial institutions. Digital solutions include moneygram.com, mobile solutions, account deposit and kiosk-based services. MoneyGram also has a limited number of Company-operated retail locations.

We manage our revenue and related commissions expense through two reporting segments: Global Funds Transfer and Financial Paper Products. The Global Funds Transfer segment provides global money transfer services in approximately 350,000 agent locations. Our global money transfer services are our primary revenue driver, accounting for 87% of total revenue for the three and six months ended June 30, 2019. The Global Funds Transfer segment also provides bill payment services to consumers through substantially all of our money transfer agent locations, at certain agent locations in select Caribbean and European countries and through our Digital solutions. The Financial Paper Products segment provides money order services to consumers through retail locations and financial institutions located in the U.S. and Puerto Rico and provides official check services to financial institutions in the U.S. Corporate expenses that are not related to our segments' performance are excluded from operating income for Global Funds Transfer and Financial Paper Products segments.

Business Environment

Worldwide political and economic conditions remained highly dynamic, as evidenced by both economic growth and political unrest in key markets, currency controls in certain countries and a volatile immigration environment. Given the global extent of the current political and economic conditions, money transfer volumes and the average face value of money transfers continue to be highly variable by corridor and country, but the overall remittance market continues to grow as indicated by the World Bank.

The competitive environment continues to change as both established players and new, digital-only entrants work to innovate and deliver a superior customer experience to win market share. Our competitors include a small number of large money transfer and bill payment providers, financial institutions, banks and a large number of small niche money transfer service providers that serve select regions. We generally compete on the basis of the customer experience, the ability to conduct both digital and cash transactions, price, the quantity and quality of our agent network, commission payments and marketing efforts.

In addition to the changes in the competitive environment, global compliance requirements are becoming increasingly more complex, which has been affecting our top line growth. We continue to enhance our compliance tools to comply with various government and other regulatory programs around the world, as well as address corridor specific risks associated with fraud or money laundering. In 2018, the Company launched new compliance measures including new global customer verification standards for all money transfer services, limits on transaction frequency and limits on the total amount of money an individual can send within a certain period of time. Additionally, in 2018, the Company and Walmart, our largest agent, announced the launch of Walmart2World, Powered by MoneyGram, a new white-label money transfer service that allows customers to send money from

Walmart in the U.S. to any non-U.S. MoneyGram location. This white label product was introduced at a lower price point than our previous relationship with Walmart, which resulted in lower revenue per transaction. Both of these 2018 initiatives negatively impacted our top-line growth in the first half of 2019 as compared to the first half of 2018.

We continue to invest in innovative products and services, such as moneygram.com, mobile solutions including our new application, integration with mobile wallets, account deposit services and kiosk-based services, to position the Company to meet consumers' needs. Furthermore, we believe that combining our cash and digital capabilities enables us to differentiate against digital-only competitors who are not able to serve a significant portion of the remittance market that relies on cash.

We are making progress toward becoming a digitally-enabled, customer-centric organization to better position the Company to compete with new entrants focused solely on digital money transfer solutions. Digital solutions revenue for the three and six months ended June 30, 2019 was \$44.2 million and \$88.4 million, respectively, or 16% of money transfer revenue for each period. Digital solutions revenue for the three and six months ended June 30, 2018 was \$53.3 million and \$106.7 million, respectively, or 16% of money transfer revenue for each period.

Capital Structure Update

On June 26, 2019, we entered into an amended First Lien Credit Agreement and a new Second Lien Credit Agreement, each with Bank of America, N.A. acting as administrative agent. These agreements extended and/or repaid in full all outstanding indebtedness under the Company's existing credit facility. The amended First Lien Credit Agreement provides for a \$35.0 million senior secured three-year revolving credit facility and a senior secured four-year term loan in an aggregate principal amount of \$645.0 million. The Second Lien Credit Agreement provides \$245.0 million of a secured five-year term loan. In connection with the termination of the previous credit facility, we recognized debt extinguishment costs of \$2.4 million in the second quarter of 2019. For more information on the credit agreements, see Note 7 — *Debt* of the Notes to the Condensed Consolidated Financial Statements and the "*Liquidity and Capital Resources*" section below for disclosures related to our credit agreements.

On June 17, 2019, the Company entered into the SPA with Ripple, pursuant to which Ripple agreed to purchase and the Company agreed to issue up to \$50.0 million of Common Stock and ten-year warrants to purchase Common Stock at \$0.01 per underlying share of Common Stock ("Ripple Warrants"). In connection with the execution of the SPA, Ripple purchased, and the Company issued, (i) 5,610,923 shares of Common Stock at a purchase price of \$4.10 per share and (ii) a Warrant to purchase 1,706,151 shares of Common Stock at a per share reference purchase price of \$4.10 per share of Common Stock underlying the Ripple Warrant, for an aggregate purchase price of \$30.0 million. The Company incurred direct and incremental costs of \$0.5 million related to this transaction. For more information related to the SPA, see Note 9 — *Stockholders' Deficit* of the Notes to the Condensed Consolidated Financial Statements.

Additionally, during the quarter, the Company paid \$1.2 million to a life insurance company for their assumption, without recourse, of a significant portion of its defined benefit pension liability. The result of the sale was a reduction of pension obligations by \$74.3 million and the recognition of a non-cash charge of \$31.3 million. The transfer of the pension obligations was completed exclusively with the use of pension assets and did not impact the Company's cash balance or liquidity position.

Anticipated Trends

This discussion of trends expected to impact our business in 2019 is based on information presently available and reflects certain assumptions, including assumptions regarding future economic conditions. Differences in actual economic conditions compared with our assumptions could have a material impact on our results. See "*Cautionary Statements Regarding Forward-Looking Statements*" and Part II, Item 1A, "*Risk Factors*" of this Quarterly Report on Form 10-Q for additional factors that could cause results to differ materially from those contemplated by the following forward-looking statements.

In 2018, MoneyGram focused on positioning the company to better compete by building and expanding customer-centric digital capabilities, modernizing operations and expense structures, de-risking the business to better protect consumers and expanding our product offerings. In 2019, we believe the industry will continue to see a number of trends continue: the growth of digital transactions, the importance of customer experience and geopolitical volatility. To position the Company to respond to these trends, we are focused on our strategy to deliver a differentiated customer experience, capitalize on the strength of our leading digital and physical footprint, accelerate growth in key regions and identify new areas of growth.

We continue to see increased opportunities to capitalize on growth and expansion through product and service offerings. The Company is growing its digital footprint through the introduction of new countries for the moneygram.com platform, new partnerships and the introduction of new ways to send and receive money. Furthermore, the Company is expanding its online presence through the continued growth of its new native application, which was available in 19 countries as of June 30, 2019.

Additionally, on June 17, 2019, we announced a commercial agreement with Ripple. The commercial agreement allows MoneyGram to utilize Ripple's xRapid blockchain product, as well as XRP, Ripple's cryptocurrency, to facilitate cross-border settlement. The Company expects that this will reduce working capital needs and have the potential to generate additional earnings and cash flow.

We expect compliance measures, pricing pressure and competition to be a continuous challenge in 2019. Furthermore, economic issues in Africa have restricted our ability to transact in certain markets. Currency volatility, liquidity pressure on central banks and pressure on labor markets in specific countries may also continue to impact our business in 2019.

For our Financial Paper Products segment, we expect the decline in overall paper-based transactions to continue primarily due to continued migration by customers to other payment methods. Our investment revenue, which consists primarily of interest income generated through the investment of cash balances received from the sale of our Financial Paper Products, is dependent on the interest rate environment. The Company would see a positive impact on its investment revenue if interest rates continue to rise. As interest rates also affect the payments we make for interest on our credit facility, our liquidity would be negatively impacted by the continued rise in interest rates.

Financial Measures and Key Metrics

This Quarterly Report on Form 10-Q includes financial information prepared in accordance with GAAP as well as certain non-GAAP financial measures that we use to assess our overall performance.

GAAP Measures — We utilize certain financial measures prepared in accordance with GAAP to assess the Company's overall performance. These measures include fee and other revenue, fee and other commissions expense, fee and other revenue less commissions, operating income and operating margin.

Non-GAAP Measures — Generally, a non-GAAP financial measure is a numerical measure of financial performance, financial position or cash flows that excludes (or includes) amounts that are included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP. The non-GAAP financial measures should be viewed as a supplement to, and not a substitute for, financial measures presented in accordance with GAAP. We strongly encourage investors and stockholders to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure. While we believe that these metrics enhance investors' understanding of our business, these metrics are not necessarily comparable with similarly named metrics of other companies. The following are non-GAAP financial measures we use to assess our overall performance:

EBITDA (Earnings before interest, taxes, depreciation and amortization, including agent signing bonus amortization)

Adjusted EBITDA (EBITDA adjusted for certain significant items) — Adjusted EBITDA does not reflect cash requirements necessary to service interest or principal payments on our indebtedness or tax payments that may result in a reduction in cash available.

Adjusted Free Cash Flow (Adjusted EBITDA less cash interest, cash taxes, cash payments for capital expenditures and cash payments for agent signing bonuses) — Adjusted Free Cash Flow does not reflect cash payments related to the adjustment of certain significant items in Adjusted EBITDA.

Constant Currency — Constant currency metrics assume that amounts denominated in foreign currencies are translated to the U.S. dollar at rates consistent with those in the prior year.

The Company utilizes specific terms related to our business throughout this document, including the following:

Corridor — With regard to a money transfer transaction, the originating "send" location and the designated "receive" location are referred to as a corridor.

Corridor mix — The relative impact of increases or decreases in money transfer transaction volume in each corridor versus the comparative prior period.

Face value — The principal amount of each completed transaction, excluding any fees related to the transaction.

Foreign currency — The impact of foreign currency exchange rate fluctuations on our financial results is typically calculated as the difference between current period activity translated using the current period's currency exchange rates and the comparable prior-year period's currency exchange rates. We use this method to calculate the impact of changes in foreign currency exchange rates on revenues, commissions and other operating expenses for all countries where the functional currency is not the U.S. dollar.

RESULTS OF OPERATIONS

The following table is a summary of the results of operations:

<i>(Amounts in millions, except percentages)</i>	Three Months Ended June 30,			Six Months Ended June 30,		
	2019	2018	% Change	2019	2018	% Change
Revenue						
Fee and other revenue	\$ 309.3	\$ 362.5	(15)%	\$ 610.3	\$ 732.6	(17)%
Investment revenue	14.5	12.1	20 %	28.9	22.0	31 %
Total revenue	323.8	374.6	(14)%	639.2	754.6	(15)%
Expenses						
Fee and other commissions expense	155.4	178.9	(13)%	305.0	355.4	(14)%
Investment commissions expense	6.2	4.5	38 %	12.5	8.0	56 %
Direct transaction expense	6.2	7.0	(11)%	11.2	12.5	(10)%
Total commissions and direct transaction expenses	167.8	190.4	(12)%	328.7	375.9	(13)%
Compensation and benefits	53.5	65.1	(18)%	112.9	144.4	(22)%
Transaction and operations support	54.5	72.0	(24)%	106.6	146.8	(27)%
Occupancy, equipment and supplies	15.5	17.0	(9)%	30.9	33.6	(8)%
Depreciation and amortization	18.2	20.1	(9)%	37.2	38.2	(3)%
Total operating expenses	309.5	364.6	(15)%	616.3	738.9	(17)%
Operating income	14.3	10.0	43 %	22.9	15.7	46 %
Other expenses (income)						
Interest expense	14.0	13.7	2 %	27.9	26.0	7 %
Other non-operating expense (income)	35.3	1.4	NM	36.9	(27.1)	NM
Total other expenses (income)	49.3	15.1	NM	64.8	(1.1)	NM
(Loss) income before income taxes	(35.0)	(5.1)	NM	(41.9)	16.8	NM
Income tax (benefit) expense	(7.8)	(7.4)	5 %	(1.2)	7.4	NM
Net (loss) income	\$ (27.2)	\$ 2.3	NM	\$ (40.7)	\$ 9.4	NM

NM = Not meaningful

Revenues

The following table is a summary of the Company's revenues:

<i>(Amounts in millions, except percentages)</i>	Three Months Ended June 30,				Six Months Ended June 30,			
	2019	Percent of Total Revenue	2018	Percent of Total Revenue	2019	Percent of Total Revenue	2018	Percent of Total Revenue
Global Funds Transfer fee and other revenue	\$ 297.2	92%	\$ 349.2	93%	\$ 586.4	92%	\$ 706.6	94%
Financial Paper Product fee and other revenue	12.1	4%	13.3	4%	23.9	4%	26.0	3%
Investment revenue	14.5	4%	12.1	3%	28.9	5%	22.0	3%
Total revenue	\$ 323.8	100%	\$ 374.6	100%	\$ 639.2	100%	\$ 754.6	100%

For the three and six months ended June 30, 2019, total revenue declined when compared to the prior reporting period, primarily due to the decline in the Global Funds Transfer fee and other revenue, which included Walmart2World service, pricing pressure due to increased competition, and the full impact of compliance measures introduced in 2018. See the "Segments Results" section below for a detailed discussion of revenues by segment. For the three and six months ended June 30, 2019, investment revenue increased primarily from higher yields when compared to the prior reporting period.

Operating Expenses

The following table is a summary of the operating expenses:

<i>(Amounts in millions, except percentages)</i>	Three Months Ended June 30,				Six Months Ended June 30,			
	2019	Percent of Total Revenue	2018	Percent of Total Revenue	2019	Percent of Total Revenue	2018	Percent of Total Revenue
Total commissions and direct transaction expenses	\$ 167.8	52%	\$ 190.4	51%	\$ 328.7	51%	\$ 375.9	50%
Compensation and benefits	53.5	17%	65.1	17%	112.9	18%	144.4	19%
Transaction and operations support	54.5	17%	72.0	19%	106.6	17%	146.8	19%
Occupancy, equipment and supplies	15.5	5%	17.0	5%	30.9	5%	33.6	4%
Depreciation and amortization	18.2	6%	20.1	5%	37.2	6%	38.2	5%
Total operating expenses	<u>\$ 309.5</u>	96%	<u>\$ 364.6</u>	97%	<u>\$ 616.3</u>	96%	<u>\$ 738.9</u>	98%

For the three and six months ended June 30, 2019, total operating expenses as a percentage of total revenue declined when compared to the prior period, primarily due to realized efficiencies from our restructuring and reorganization activities.

Total Commissions and Direct Transaction Expenses

For the three and six months ended June 30, 2019, total commissions and direct transaction expenses as a percent of revenues increased when compared to the same period in 2018, primarily from the decrease in money transfer fee and other revenue. See the "Segments Results" section below.

Compensation and Benefits

Compensation and benefits include salaries and benefits, management incentive programs, related payroll taxes and other employee related costs. The following table is a summary of the change in compensation and benefits from 2018 to 2019:

<i>(Amounts in millions)</i>	Three Months Ended	Six Months Ended
For the period ended June 30, 2018	\$ 65.1	\$ 144.4
Change resulting from:		
Net salaries, related payroll taxes and cash incentive compensation	(5.1)	(15.4)
Restructuring and reorganization costs	(3.5)	(6.5)
Impact from changes in exchange rates	(1.2)	(3.0)
Employee stock-based compensation	(0.7)	(2.9)
Severance and related costs	(0.3)	(0.9)
Other	(0.8)	(2.8)
For the period ended June 30, 2019	<u>\$ 53.5</u>	<u>\$ 112.9</u>

For the three and six months ended June 30, 2019, compensation and benefits decreased primarily due to a reduction in headcount.

Transaction and Operations Support

Transaction and operations support primarily includes marketing, professional fees and other outside services, telecommunications, agent support costs, including forms related to our products, non-compensation employee costs, including training, travel and relocation costs, non-employee director stock-based compensation expense, bank charges and the impact of foreign exchange rate movements on our monetary transactions, assets and liabilities denominated in a currency other than the U.S. dollar.

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The following table is a summary of the change in transaction and operations support from 2018 to 2019:

<i>(Amounts in millions)</i>	Three Months Ended		Six Months Ended	
For the period ended June 30, 2018	\$	72.0	\$	146.8
Change resulting from:				
Outsourcing, independent contractor and consultant costs		(9.4)		(13.0)
Non-income taxes		(5.2)		(5.9)
Legal expenses		(1.5)		(12.6)
Provision for loss		(1.4)		(4.4)
Impact from changes in exchange rates		(0.6)		(1.5)
Net gains from foreign currency transactions and related forward contracts		0.3		(1.3)
Restructuring and reorganization costs		(0.2)		(1.1)
Other		0.5		(0.4)
For the period ended June 30, 2019	\$	54.5	\$	106.6

For the three and six months ended June 30, 2019, transaction and operations support decreased primarily due to a decrease in outsourcing, independent contractor and consultant costs due to cost-savings initiatives, a decrease in non-income taxes as the Company received a \$5.0 million sales and use rebate, a decrease in legal expenses and a decrease in the provision for loss driven by the implementation of compliance and fraud prevention measures.

Occupancy, Equipment and Supplies

Occupancy, equipment and supplies expense include facilities rent and maintenance costs, software and equipment maintenance costs, freight and delivery costs and supplies.

For the three and six months ended June 30, 2019, occupancy, equipment and supplies expense decreased by \$1.5 million and \$2.7 million, respectively, when compared to the same period in 2018, primarily due to cost-savings from the Digital Transformation Program and a decrease in maintenance and facilities costs.

Depreciation and Amortization

Depreciation and amortization includes depreciation on computer hardware and software, agent signage, point of sale equipment, capitalized software development costs, office furniture, equipment and leasehold improvements and amortization of intangible assets.

For the three and six months ended June 30, 2019, depreciation and amortization decreased by \$1.9 million and \$1.0 million, respectively, when compared to the same period in 2018.

Segments Results

Global Funds Transfer

The following table sets forth our Global Funds Transfer segment results of operations for the three and six months ended June 30:

<i>(Amounts in millions)</i>	Three Months Ended June 30,			Six Months Ended June 30,		
	2019	2018	2019 vs 2018	2019	2018	2019 vs 2018
Money transfer revenue	\$ 282.2	\$ 329.7	\$ (47.5)	\$ 555.5	\$ 666.3	\$ (110.8)
Bill payment revenue	15.0	19.5	(4.5)	30.9	40.3	(9.4)
Total Global Funds Transfer revenue	<u>\$ 297.2</u>	<u>\$ 349.2</u>	<u>\$ (52.0)</u>	<u>\$ 586.4</u>	<u>\$ 706.6</u>	<u>\$ (120.2)</u>
Fee and other commissions and direct transaction expenses	\$ 161.4	\$ 185.5	\$ (24.1)	\$ 315.7	\$ 367.2	\$ (51.5)

[Table of Contents](#)*Money Transfer Fee and Other Revenue*

The following table details the changes in money transfer fee and other revenue from 2018 to 2019:

<i>(Amounts in millions)</i>	Three Months Ended	Six Months Ended
For the period ended June 30, 2018	\$ 329.7	\$ 666.3
Change resulting from:		
Money transfer volume	(21.0)	(58.1)
Average face value per transaction and pricing	(14.3)	(35.5)
Impact from changes in exchange rates	(6.6)	(14.7)
Corridor mix	(2.6)	3.2
Other	(3.0)	(5.7)
For the period ended June 30, 2019	<u>\$ 282.2</u>	<u>\$ 555.5</u>

For the three and six months ended June 30, 2019, the decrease in money transfer fee and other revenue was primarily driven by decreases in money transfer transaction volume and average face value per transaction and pricing due to the implementation of compliance measures and Walmart2World service. Additionally, average face value per transaction and pricing was impacted by pricing pressure from increased competition.

Bill Payment Fee and Other Revenue

For the three and six months ended June 30, 2019, bill payment fee and other revenue decreased by \$4.5 million and \$9.4 million, respectively, or 23% for both periods, when compared to the same periods in 2018, due to increased competition.

Fee and Other Commissions and Direct Transaction Expenses

The following table details the changes in fee and other commissions expense for the Global Funds Transfer segment from 2018 to 2019:

<i>(Amounts in millions)</i>	Three Months Ended	Six Months Ended
For the period ended June 30, 2018	\$ 178.5	\$ 354.7
Change resulting from:		
Money transfer revenue	(19.6)	(45.0)
Money transfer corridor and agent mix	6.1	11.9
Impact from changes in exchange rates	(3.4)	(7.7)
Signing bonuses	(2.5)	(4.3)
Bill payment revenue and commission rates	(3.9)	(5.1)
For the period ended June 30, 2019	<u>\$ 155.2</u>	<u>\$ 304.5</u>

For the three and six months ended June 30, 2019, fee and other commissions decreased by \$23.3 million and \$50.2 million, respectively, primarily due to decreases in money transfer revenue from the decline in volume and pricing discussed above, the impact from changes in exchange rates and the decrease in signing bonus amortization, partially offset by favorable money transfer corridor and agent mix.

For the three and six months ended June 30, 2019, direct transaction expense of \$6.2 million and \$11.2 million, respectively, decreased by \$0.8 million and \$1.3 million, respectively, when compared to the prior periods, primarily due to a decrease in moneygram.com revenues.

Financial Paper Products

The following table sets forth our Financial Paper Products segment results of operations:

<i>(Amounts in millions)</i>	Three Months Ended June 30,			Six Months Ended June 30,		
	2019	2018	2019 vs 2018	2019	2018	2019 vs 2018
Money order revenue	\$ 13.6	\$ 14.2	\$ (0.6)	\$ 27.5	\$ 27.6	\$ (0.1)
Official check revenue	13.0	11.2	1.8	25.3	20.4	4.9
Total Financial Paper Products revenue	\$ 26.6	\$ 25.4	\$ 1.2	\$ 52.8	\$ 48.0	\$ 4.8

Commissions expense	\$ 6.4	\$ 4.9	\$ 1.5	\$ 13.0	\$ 8.7	\$ 4.3
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Financial Paper Products revenue increased by \$1.2 million or 5% during the three months ended June 30, 2019, and \$4.8 million or 10% during the six months ended June 30, 2019, primarily due to higher yields on our investment portfolio when compared to the prior periods, partially offset by the decline in Financial Paper Products fee and other revenue.

For the three and six months ended June 30, 2019, commissions expense for Financial Paper Products increased by \$1.5 million and \$4.3 million, respectively, when compared to the same period in 2018, due to an increase in investment commissions expense.

Operating Income and Operating Margin

The following table provides a summary overview of operating income and operating margin:

<i>(Amounts in millions, except percentages)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Operating income:				
Global Funds Transfer	\$ 5.6	\$ 5.7	\$ 6.7	\$ 7.1
Financial Paper Products	10.0	7.1	18.2	12.7
Total segment operating income	15.6	12.8	24.9	19.8
Other	(1.3)	(2.8)	(2.0)	(4.1)
Total operating income	\$ 14.3	\$ 10.0	\$ 22.9	\$ 15.7
Total operating margin	4.4%	2.7%	3.6%	2.1%
Global Funds Transfer	1.9%	1.6%	1.1%	1.0%
Financial Paper Products	37.6%	28.0%	34.5%	26.5%

For the three and six months ended June 30, 2019, the Global Funds Transfer segment operating income slightly declined, and the operating margin increased when compared to the three and six months ended June 30, 2018. Operating margin increased because the decline in money transfer fee and other revenue was more than offset by decreases in operating expenses primarily due to the realization of the 2018 cost-savings initiatives.

For the three and six months ended June 30, 2019, the Financial Paper Products segment operating income and margin increased when compared to the three and six months ended June 30, 2018, primarily due to the increase in investment revenue.

For the three and six months ended June 30, 2019, other operating loss decreased when compared to the three and six months ended June 30, 2018, due to ongoing cost-savings initiatives.

Other Expenses (Income)

Total other expenses for the three and six months ended June 30, 2019, were \$49.3 million and \$64.8 million, respectively, compared to other expense of \$15.1 million and other income of \$1.1 million, respectively, for the three and six months ended June 30, 2018. In June 2019, the Company sold part of its Pension Plan, which resulted in a non-cash settlement charge of \$31.3 million. For more information related to the pension sale, see Note 8 — *Pension and Other Benefits* of the Notes to the Condensed Consolidated Financial Statements. For the three and six months ended June 30, 2019, the Company also incurred \$2.4 million of debt extinguishment costs.

The six months ended June 30, 2018, included a \$30.0 million payment to the Company related to the terminated merger with Ant Financial.

Income Taxes

For the three months ended June 30, 2019, the Company recognized an income tax benefit of \$7.8 million and on a pre-tax loss of \$35.0 million. For the three months ended June 30, 2019, our income tax rate did not differ significantly from our statutory tax rate.

For the six months ended June 30, 2019, the Company recognized an income tax benefit of \$1.2 million on a pre-tax loss of \$41.9 million. Our income tax rate was lower than the statutory rate primarily due to non-deductible expenses, U.S. taxation of foreign earnings, the reversal of tax benefits on share-based compensation, partially offset by U.S. tax credits net of valuation allowance. Additionally, as a result of the issuance of the final Section 965 regulations by the U.S. Treasury Department and the IRS on January 15, 2019, the Company recorded a discrete tax expense of \$0.7 million for an increase in its one-time transition tax.

For the three months ended June 30, 2018, the Company recognized an income tax benefit of \$7.4 million on a pre-tax loss of \$5.1 million, primarily due to a one-time \$4.0 million deferred tax benefit from a reorganization of our corporate structure and a \$2.6 million reduction of foreign uncertain tax positions, offset by an increase to the Company's provisional tax obligation for the one-time transition tax imposed by the TCJA.

For the six months ended June 30, 2018, the Company recognized an income tax expense of \$7.4 million on a pre-tax income of \$16.8 million, primarily due to non-deductible expenses, including the accrual related to the DPA and the adverse tax consequences related to the new provisions enacted under the TCJA, as discussed in more detail Note 11 — *Income Taxes* of the Notes to the Condensed Consolidated Financial Statements, which result in multiple taxation of a single item of income.

EBITDA, Adjusted EBITDA, Adjusted Free Cash Flow and Constant Currency

We believe that EBITDA (earnings before interest, taxes, depreciation and amortization, including agent signing bonus amortization), Adjusted EBITDA (EBITDA adjusted for certain significant items), Adjusted Free Cash Flow (Adjusted EBITDA less cash interest, cash taxes, cash payments for capital expenditures and cash payments for agent signing bonuses) and constant currency measures (which assume that amounts denominated in foreign currencies are translated to the U.S. dollar at rates consistent with those in the prior year) provide useful information to investors because they are indicators of the strength and performance of our ongoing business operations. These calculations are commonly used as a basis for investors, analysts and other interested parties to evaluate and compare the operating performance and value of companies within our industry. In addition, our debt agreements require compliance with covenants that incorporate a financial measure similar to Adjusted EBITDA.

EBITDA, Adjusted EBITDA, Adjusted Free Cash Flow and constant currency are financial and performance measures used by management in reviewing results of operations, forecasting, allocating resources and establishing employee incentive programs. We also present Adjusted EBITDA growth, constant currency adjusted, which provides information to investors regarding MoneyGram's performance without the effect of foreign currency exchange rate fluctuations year-over-year.

Although we believe that EBITDA, Adjusted EBITDA, Adjusted Free Cash Flow and constant currency measures enhance investors' understanding of our business and performance, these non-GAAP financial measures should not be considered in isolation or as substitutes for the accompanying GAAP financial measures. These metrics are not necessarily comparable with similarly named metrics of other companies.

The following table is a reconciliation of our non-GAAP financial measures to the related GAAP financial measures:

<i>(Amounts in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
(Loss) income before income taxes	\$ (35.0)	\$ (5.1)	\$ (41.9)	\$ 16.8
Interest expense	14.0	13.7	27.9	26.0
Depreciation and amortization	18.2	20.1	37.2	38.2
Signing bonus amortization	11.7	14.7	23.4	28.7
EBITDA	8.9	43.4	46.6	109.7
Significant items impacting EBITDA:				
Non-cash pension settlement charge ⁽¹⁾	31.3	—	31.3	—
Direct monitor costs	6.2	2.6	10.3	5.7
Debt extinguishment costs ⁽²⁾	2.4	—	2.4	—
Compliance enhancement program	2.3	4.6	3.8	7.2
Stock-based, contingent and incentive compensation	1.9	2.7	4.5	7.5
Legal and contingent matters ⁽³⁾	0.7	1.3	1.3	12.7
Restructuring and reorganization costs	0.5	5.2	4.0	12.5
Severance and related costs	0.1	—	0.2	0.4
Costs (income) related to the terminated merger with Ant Financial ⁽⁴⁾	—	—	—	(29.3)
Adjusted EBITDA	\$ 54.3	\$ 59.8	\$ 104.4	\$ 126.4
Adjusted EBITDA change, as reported	(9)%		(17)%	
Adjusted EBITDA change, constant currency adjusted	(7)%		(15)%	
Adjusted EBITDA	\$ 54.3	\$ 59.8	\$ 104.4	\$ 126.4
Cash payments for interest	(13.2)	(12.9)	(26.0)	(24.4)
Cash payments for taxes, net of refunds	0.7	(1.3)	(0.5)	(2.9)
Cash payments for capital expenditures	(16.5)	(16.2)	(29.2)	(28.5)
Cash payments for agent signing bonuses	(5.3)	(7.8)	(15.4)	(19.6)
Adjusted Free Cash Flow	\$ 20.0	\$ 21.6	\$ 33.3	\$ 51.0

(1) Non-cash charge of \$31.3 million from the sale of pension liability in June 2019.

(2) Debt extinguishment costs related to the amended and new debt agreements entered on June 26, 2019.

(3) Six months ended June 30, 2018 includes an accrual of \$10.0 million related to the resolution of the DPA matter.

(4) Costs include, but are not limited to, legal, bank and consultant fees and income includes the \$30.0 million merger termination fee.

For the three and six months ended June 30, 2019, the Company generated EBITDA of \$8.9 million and \$46.6 million, respectively, and Adjusted EBITDA of \$54.3 million and \$104.4 million, respectively. Adjusted EBITDA declined when compared to the same period in 2018 because of the decrease in fee and other revenue, which was partially offset by operating expense savings.

For the three and six months ended June 30, 2019, EBITDA decreased primarily due to the pension settlement charge of \$31.3 million and the debt extinguishment costs of \$2.4 million. Additionally, the six months ended June 30, 2018 included \$30.0 million of income related to the terminated merger with Ant Financial.

For the three and six months ended June 30, 2019, Adjusted Free Cash Flow decreased by \$1.6 million and \$17.7 million, respectively, when compared to the same periods in 2018. The decline was primarily due to the decrease in Adjusted EBITDA.

See "Results of Operations" and "Analysis of Cash Flows" sections for additional information regarding these changes.

LIQUIDITY AND CAPITAL RESOURCES

We have various resources available for purposes of managing liquidity and capital needs, including our investment portfolio, credit facilities and letters of credit. We refer to our cash and cash equivalents, settlement cash and cash equivalents, interest-bearing investments and available-for-sale investments collectively as our "investment portfolio." The Company utilizes cash and cash equivalents in various liquidity and capital assessments.

Cash and Cash Equivalents, Settlement Assets and Payment Service Obligations

The following table shows the components of the Company's cash and cash equivalents and settlement assets:

<i>(Amounts in millions)</i>	June 30, 2019	December 31, 2018
Cash and cash equivalents	\$ 133.5	\$ 145.5
Settlement assets:		
Settlement cash and cash equivalents	1,478.0	1,435.7
Receivables, net	1,002.5	777.7
Interest-bearing investments	957.6	1,154.7
Available-for-sale investments	5.0	5.7
	<u>\$ 3,443.1</u>	<u>\$ 3,373.8</u>
Payment service obligations	\$ (3,443.1)	\$ (3,373.8)

Our primary sources of liquidity include cash flows generated by the sale of our payment instruments, our cash and cash equivalents and interest-bearing investment balances, and proceeds from our investment portfolio. Our primary operating liquidity needs are related to the settlement of payment service obligations to our agents and financial institution customers, general operating expenses and debt service.

To meet our payment service obligations at all times, we must have sufficient highly-liquid assets and be able to move funds globally on a timely basis. On average, we receive in and pay out a similar amount of funds on a daily basis to collect and settle the principal amount of our payment instruments sold and related fees and commissions with our end-consumers and agents. This pattern of cash flows allows us to settle our payment service obligations through existing cash balances and ongoing cash generation rather than liquidating investments or utilizing our revolving credit facility. We have historically generated, and expect to continue generating, sufficient cash flows from daily operations to fund ongoing operational needs.

We preposition cash in various countries and currencies to facilitate settlement of transactions. We also maintain funding capacity beyond our daily operating needs to provide a cushion through the normal fluctuations in our payment service obligations, as well as to provide working capital for the operational and growth requirements of our business. We believe we have sufficient liquid assets and funding capacity to operate and grow our business for the next 12 months. Should our liquidity needs exceed our operating cash flows, we believe that external financing sources, including availability under our credit facility, will be sufficient to meet our anticipated funding requirements.

Cash and Cash Equivalents and Interest-bearing Investments

To ensure we maintain adequate liquidity to meet our payment service obligations at all times, we keep a significant portion of our investment portfolio in cash and cash equivalents and interest-bearing investments at financial institutions rated A- or better by two of the following three rating agencies: Moody's Investor Service ("Moody's"), Standard & Poor's ("S&P") and Fitch Ratings, Inc. ("Fitch"); and in AAA rated U.S. government money market funds. If the rating agencies have split ratings, the Company uses the lower of the highest two out of three ratings across the agencies for disclosure purposes. If the institution has only two ratings, the Company uses the lower of the two ratings for disclosure purposes. As of June 30, 2019, cash and cash equivalents (including unrestricted and settlement cash and cash equivalents) and interest-bearing investments totaled \$2.6 billion. Cash and cash equivalents consist of interest-bearing deposit accounts, non-interest-bearing transaction accounts and money market securities; interest-bearing investments consist of time deposits and certificates of deposit with maturities of up to 24 months.

Available-for-sale Investments

Our investment portfolio includes \$5.0 million of available-for-sale investments as of June 30, 2019. U.S. government agency residential mortgage-backed securities comprise \$4.0 million of our available-for-sale investments, while asset-backed and other securities compose the remaining \$1.0 million.

Credit Facilities

The following is a summary of the Company's outstanding debt:

<i>(Amounts in millions, except percentages)</i>	June 30, 2019	December 31, 2018
5.59% first lien credit facility due 2020	\$ —	\$ 904.4
8.44% first lien credit facility due 2023	645.0	—
13.00% second lien credit facility due 2024	245.0	—
Senior secured credit facilities	890.0	904.4
Unamortized debt issuance costs and debt discounts	(47.9)	(3.4)
Total debt, net	<u>\$ 842.1</u>	<u>\$ 901.0</u>

On June 26, 2019, MoneyGram entered into an amended First Lien Credit Agreement and a new Second Lien Credit Agreement, each with Bank of America, N.A. acting as administrative agent. These agreements extended and/or repaid in full all outstanding indebtedness under the Company's existing credit facility. In connection with the termination of the existing credit facility, we recognized debt extinguishment costs of \$2.4 million in the second quarter of 2019. See Note 7 — *Debt* of the Notes to the Condensed Consolidated Financial Statements for additional disclosure related to the amended and new credit agreements.

As of June 30, 2019, the Company had no borrowings and no outstanding letters of credit under its revolving credit facility and has \$35.0 million of availability.

Credit Ratings

As of June 30, 2019, our credit ratings from Moody's and S&P were B3 with a negative outlook and B with a stable outlook, respectively. Our credit facilities, regulatory capital requirements and other obligations will not be impacted by a future change in our credit ratings.

Analysis of Cash Flows

<i>(Amounts in millions)</i>	Six Months Ended June 30,	
	2019	2018
Net cash provided by operating activities	\$ 38.1	\$ 49.9
Net cash used in investing activities	(29.2)	(28.5)
Net cash used in financing activities	(20.9)	(11.0)
Net change in cash and cash equivalents	<u>\$ (12.0)</u>	<u>\$ 10.4</u>

Cash Flows from Operating Activities

For the six months ended June 30, 2019, cash provided by operating activities decreased primarily due to the decrease in net income, partially offset by the receipt of \$5.0 million non-income tax sales and use rebate and decreases in operating expenditures. Additionally, the six months ended June 30, 2018, included \$30.0 million of income related to the terminated merger with Ant Financial.

Cash Flows from Investing Activities

Items impacting net cash used in investing activities for the six months ended June 30, 2019 and 2018, included capital expenditures of \$29.2 million and \$28.5 million, respectively.

Cash Flows from Financing Activities

During the six months ended June 30, 2019, net cash used in financing activities increased by \$9.9 million primarily due to transaction costs for the issuance and amendment of our debt of \$21.3 million and principal payments on debt of \$28.4 million, partially offset by net proceeds from the equity issuance to Ripple of \$29.5 million and lower payments to tax authorities for stock-based compensation due to the decrease in the Company's stock price when compared to the prior period. For more information related to the SPA, see Note 9 — *Stockholders' Deficit* of the Notes to the Condensed Consolidated Financial Statements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with GAAP requires estimates and assumptions that affect the reported amounts and related disclosures in the Condensed Consolidated Financial Statements. Actual results could differ from those estimates. On a regular basis, management reviews its accounting policies, assumptions and estimates to ensure that our financial statements are presented fairly and in accordance with GAAP. Our significant accounting policies are discussed in Note 2 —

Summary of Significant Accounting Policies of the Notes to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

Critical accounting policies are those policies that management believes are very important to the portrayal of our financial position and results of operations, and that require management to make estimates that are difficult, subjective or complex. There were no changes to our critical accounting policies and estimates during the quarter ended June 30, 2019. For further information regarding our critical accounting policies and estimates, refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates" in the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q and the documents incorporated by reference herein may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements with respect to, among other things, the financial condition, results of operations, plans, objectives, future performance and business of MoneyGram and its subsidiaries. Statements preceded by, followed by or that include words such as "believes," "estimates," "expects," "projects," "plans," "anticipates," "intends," "continues," "will," "should," "could," "may," "would," "goals" and other similar expressions are intended to identify some of the forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and are included, along with this statement, for purposes of complying with the safe harbor provisions of the Act. These forward-looking statements are based on management's current expectations, beliefs and assumptions as of the date of his report and are subject to certain risks, uncertainties and changes in circumstances due to a number of factors. These factors include, but are not limited to:

- our ability to compete effectively;
- our ability to maintain key agent or biller relationships, or a reduction in business or transaction volume from these relationships, including with our largest agent, Walmart, through its introduction of additional competing white-label money transfer products or otherwise, and due to increased costs or loss of business as a result of higher compliance standards;
- a security or privacy breach in systems, networks or databases on which we rely;
- current and proposed regulations addressing consumer privacy and data use and security;
- our ability to manage fraud risks from consumers or agents; litigation and regulatory proceedings involving us or our agents, which could result in material settlements, fines or penalties, revocation of required licenses or registrations, termination of contracts, other administrative actions or lawsuits and negative publicity;
- possible uncertainties relating to compliance with and the impact of the Amended DPA;
- disruptions to our computer systems and data centers and our ability to effectively operate and adapt our technology;
- our ability to successfully develop and timely introduce new and enhanced products and services and our investments in new products, services or infrastructure changes;
- our substantial debt service obligations, significant debt covenant requirements and our ability to comply with such requirements, our below investment-grade credit rating and our ability to maintain sufficient capital;
- weakness in economic conditions, in both the U.S. and global markets;
- a significant change, material slow down or complete disruption of international migration patterns;
- our ability to manage risks associated with our international sales and operations, including exchange rates among currencies;
- our offering of money transfer services through agents in regions that are politically volatile or, in a limited number of cases, that may be subject to certain OFAC restrictions;
- major bank failure or sustained financial market illiquidity, or illiquidity at our clearing, cash management and custodial financial institutions;
- the ability of us and our agents to maintain adequate banking relationships;
- changes in tax laws or unfavorable outcomes of tax positions we take, or a failure by us to establish adequate reserves for tax events;
- our ability to manage credit risks from our agents and official check financial institution customers;
- our ability to adequately protect our brand and intellectual property rights and to avoid infringing on the rights of others;
- our ability to attract and retain key employees;

- our ability to manage risks related to the operation of retail locations and the acquisition or start-up of businesses;
- any restructuring actions and cost reduction initiatives that we undertake may not deliver the expected results and these actions may adversely affect our business;
- our ability to maintain effective internal controls;
- our capital structure and the special voting rights provided to the designees of Thomas H. Lee Partners, L.P. on our Board of Directors; and
- the risks and uncertainties described in the “*Risk Factors*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” sections of our Annual Report on Form 10-K for the year ended December 31, 2018, as well as any additional risk factors that may be described in our other filings with the SEC from time to time.

These forward-looking statements speak only as of the date they are made, and MoneyGram undertakes no obligation to publicly update or revise any forward-looking statements for any reason, whether as a result of new information, future events or otherwise, except as required by federal securities law.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Except as set forth below, there have been no other material changes in our market risk since December 31, 2018. For further information on market risk, refer to Part II, Item 7A, “*Quantitative and Qualitative Disclosures about Market Risk*” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2018.

Interest Rate Risk

Interest rate risk represents the risk that our operating results are negatively impacted, and our investment portfolio declines in value, due to changes in interest rates. Given the short maturity profile of the investment portfolio and the low level of interest rates, we believe there is an extremely low risk that the value of these securities would decline such that we would have a material adverse change in our operating results. As of June 30, 2019, the Company held \$208.3 million, or 8%, of the investment portfolio in fixed rate investments.

Our operating results are impacted by interest rate risk through our net investment margin, which is investment revenue less investment commissions expense. As the money transfer business is not materially affected by investment revenue and pays commissions that are not tied to an interest rate index, interest rate risk has the most impact on our money order and official check businesses. We are invested primarily in interest-bearing deposit accounts, non-interest-bearing transaction accounts, money market funds backed by U.S. government securities, time deposits and certificates of deposit. These types of investments have minimal risk of declines in fair value from changes in interest rates. Our commissions paid to financial institution customers are determined using a variable rate based primarily on the federal funds effective rate and are reset daily. Accordingly, both our investment revenue and our investment commissions expense will decrease when rates decline and increase when rates rise.

Our results are impacted by interest rate risk through our interest expense for borrowings under the amended First Lien Credit Agreement. The First Lien Revolving Credit Facility and the First Lien Term Credit Facility will each permit both base rate borrowings and LIBOR borrowings, in each case plus a spread above the base rate or LIBOR rate, as applicable. With respect to the First Lien Revolving Credit Facility, the spread for base rate borrowings will be either 5.00% per annum or 4.75% per annum depending upon the Company’s first lien leverage ratio (as defined in the First Lien Credit Agreement), and the spread for LIBOR borrowings will be either 6.00% or 5.75% per annum depending on the Company’s first lien leverage ratio. The interest rate spread applicable to loans under the First Lien Term Credit Facility is 5.00% per annum for base rate loans and 6.00% per annum for LIBOR rate loans. Accordingly, any increases in interest rates will adversely affect interest expense. As of June 30, 2019, the Company no borrowings under the First Lien Revolving Credit Facility.

The tables below incorporate substantially all of our interest rate sensitive assets and assumptions that reflect changes in all interest rates pertaining to the balance sheet. The “ramp” analysis assumes that interest rates change in even increments over the next 12 months. The “shock” analysis assumes interest rates change immediately and remain at the changed level for the next twelve months. Components of our pre-tax income (loss) that are interest rate sensitive include “Investment revenue,” “Investment commissions expense” and “Interest expense.” Many of the Company’s assets reset or can be repriced when interest rates change, generally in line with changes in the Company’s floating rate liabilities. Therefore, our risk associated with interest rates is not material.

The following table summarizes the changes to affected components of the income statement under various ramp scenarios as of June 30, 2019:

<i>(Amounts in millions)</i>	Basis Point Change in Interest Rates					
	Down	Down	Down	Up	Up	Up
	200	100	50	50	100	200
Investment revenue	(20.5)	(10.3)	(5.1)	5.1	10.3	20.5
Investment commissions expense	13.3	6.7	3.4	(3.4)	(6.7)	(13.4)
Interest expense	5.4	3.0	1.5	(1.4)	(2.9)	(5.8)
Change in pretax income	(1.8)	(0.6)	(0.2)	0.3	0.7	1.3

The following table summarizes the changes to affected components of the income statement under various shock scenarios as of June 30, 2019:

<i>(Amounts in millions)</i>	Basis Point Change in Interest Rates					
	Down	Down	Down	Up	Up	Up
	200	100	50	50	100	200
Investment revenue	(37.7)	(18.9)	(9.5)	9.5	19.0	37.9
Investment commissions expense	22.3	11.4	5.7	(5.7)	(11.4)	(22.8)
Interest expense	8.6	5.9	3	(2.9)	(5.8)	(11.7)
Change in pretax income	(6.8)	(1.6)	(0.8)	0.9	1.8	3.4

ITEM 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this report (the “Evaluation Date”), the Company carried out an evaluation, under the supervision and with the participation of management, including the Company’s Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the Evaluation Date, the Company’s disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no changes in the Company’s internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) during the quarter ended June 30, 2019 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The matters set forth below are subject to uncertainties and outcomes that are not predictable. The Company accrues for these matters as any resulting losses become probable and can be reasonably estimated. Further, the Company maintains insurance coverage for many claims and litigation matters.

Litigation Commenced Against the Company:

Class Action Securities Litigation — On November 14, 2018, a putative securities class action lawsuit was filed in the United States District Court for the Northern District of Illinois against MoneyGram and certain of its executive officers. The lawsuit asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and alleges that MoneyGram made material misrepresentations regarding its compliance with the stipulated order for permanent injunction and final judgment that MoneyGram entered into with the Federal Trade Commission in October 2009 and with the deferred prosecution agreement (the "DPA") that MoneyGram entered into with the U.S. Attorney's Office for the Middle District of Pennsylvania and the U.S. Department of Justice in November 2012. The lawsuit seeks unspecified damages, equitable relief, interest, and costs and attorneys' fees. The Company is vigorously defending this matter. We are unable to predict the outcome, or the possible loss or range of loss, if any, related to this matter.

Shareholder Derivative Litigation — On February 19 and 20, 2019, two virtually identical shareholder derivative lawsuits were filed in the United States District Court for the Northern District of Texas. The suits, which have since been consolidated, purport to assert claims derivatively on behalf of MoneyGram against MoneyGram's directors and certain of its executive officers for violations of Sections 10(b), 14(a) and 20(a) of the Securities Exchange Act of 1934 and for common-law breach of fiduciary duty and unjust enrichment. The complaints assert that the individual defendants caused MoneyGram to make material misstatements regarding MoneyGram's compliance with the stipulated order and DPA described in the preceding paragraph and breached their fiduciary duties in connection with MoneyGram's compliance programs. The lawsuit seeks unspecified damages, equitable relief, interest, and costs and attorneys' fees. The Company is vigorously defending this matter. We are unable to predict the outcome, or the possible loss or range of loss, if any, related to this matter.

Books and Records Requests — The Company has received multiple requests from various putative shareholders for inspection of books and records pursuant to Section 220 of the Delaware General Corporation Law relating to the subject matter of the putative class and derivative lawsuits described in the preceding paragraphs. On February 26, 2019, two of these shareholders filed a petition in the Delaware Court of Chancery to compel MoneyGram to produce books and records in accordance with their request but have since dismissed their action. The Company is vigorously defending the remaining requests. We are unable to predict the outcome, or the possible loss or range of loss, if any, related to these matters.

It is possible that additional shareholder lawsuits could be filed relating to the subject matter of the class action, derivative actions and Section 220 requests.

Other Matters — The Company is involved in various other claims and litigation that arise from time to time in the ordinary course of the Company's business. Management does not believe that after final disposition any of these matters is likely to have a material adverse impact on the Company's financial condition, results of operations or cash flows.

Government Investigations:

OFAC — In 2015, we initiated an internal investigation to identify any payments processed by the Company that were violations of the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") sanctions regulations. We notified OFAC of the ongoing internal investigation, which was conducted in conjunction with the Company's outside counsel. On March 28, 2017, we filed a Voluntary Self-Disclosure with OFAC regarding the findings of our internal investigation. OFAC is currently reviewing the results of the Company's investigation. At this time, it is not possible to determine the outcome of this matter, or the significance, if any, to our business, financial condition or results of operations, and we cannot predict when OFAC will conclude its review of our Voluntary Self-Disclosure.

Deferred Prosecution Agreement — In November 2012, we announced that a settlement was reached with the U.S. Attorney's Office for the Middle District of Pennsylvania (the "MDPA") and the U.S. Department of Justice, Criminal Division, Money Laundering and Asset Recovery Section (the "U.S. DOJ") relating to the previously disclosed investigation of transactions involving certain of our U.S. and Canadian agents, as well as fraud complaint data and the consumer anti-fraud program, during the period from 2003 to early 2009. In connection with this settlement, we entered into the DPA with the MDPA and U.S. DOJ (collectively, the "Government") dated November 9, 2012.

On November 1, 2017, the Company agreed to a stipulation with the Government that the five-year term of the Company's DPA be extended for 90 days to February 6, 2018. Between January 31, 2018 and September 14, 2018, the Company agreed to enter into various extensions of the DPA with the Government, with the last extension ending on November 6, 2018. Each extension of the DPA extended all terms of the DPA, including the term of the monitorship for an equivalent period. The purpose of the extensions

was to provide the Company and the Government additional time to discuss whether the Company was in compliance with the DPA.

On November 8, 2018, the Company announced that it entered into (1) an Amendment to and Extension of Deferred Prosecution Agreement (the “Amended DPA”) with the Government and (2) a Stipulated Order for Compensatory Relief and Modified Order for Permanent Injunction (the “Consent Order”) with the Federal Trade Commission (“FTC”). The motions underlying the Amended DPA and Consent Order focus primarily on the Company’s anti-fraud and anti-money laundering programs, including whether the Company had adequate controls to prevent third parties from using its systems to commit fraud. The Amended DPA amended and extended the original DPA entered into on November 9, 2012 by and between the Company and the Government. The DPA, Amended DPA and Consent Order are collectively referred to herein as the “Agreements.”

Under the Agreements, the Company will, among other things, (1) pay an aggregate amount of \$125.0 million to the Government, of which \$70.0 million was paid in November 2018 and the remaining \$55.0 million must be paid by May 8, 2020, eighteen months after the date of the Amended DPA, and is being made available to reimburse consumers who were the victims of third-party fraud conducted through the Company’s money transfer services, and (2) continue to retain an independent compliance monitor until May 10, 2021 to review and assess actions taken by the Company under the Agreements to further enhance its compliance program. No separate payment to the FTC is required under the Agreements. If the Company fails to comply with the Agreements, it could face criminal prosecution, civil litigation, significant fines, damage awards or regulatory consequences which could have a material adverse effect on the Company’s business, financial condition, results of operations, and cash flows.

NYDFS — On June 22, 2018, the Company received a request for production of documents from the New York Department of Financial Services (the “NYDFS”) related to the subject of the DPA and FTC matters described above. This request followed previous inquiries by the NYDFS regarding certain of our New York based agents. Following the June 22, 2018 request for production, the Company received and responded to several inquiries from the NYDFS related to this matter. The NYDFS did not indicate what, if any, action it intended to take in connection with this matter, although it is possible that it could seek additional information, initiate civil litigation and/or seek to impose fines, damages, or other regulatory consequences, any or all of which could have an adverse effect on the Company’s business, financial condition, results of operations, and cash flows. The Company is unable to predict the outcome, or the possible loss or range of loss, if any, that could be associated with this matter.

Other Matters — The Company is involved in various other government inquiries and other matters that arise from time to time. Management does not believe that any of these other matters is likely to have a material adverse impact on the Company’s financial condition, results of operations or cash flows.

Actions Commenced by the Company:

Tax Litigation — The Internal Revenue Service (the “IRS”) completed its examination of the Company’s consolidated income tax returns through 2013 and issued Notices of Deficiency for 2005-2007 and 2009 and an Examination Report for 2008. The Notices of Deficiency and Examination Report disallow, among other items, approximately \$900.0 million of ordinary deductions on securities losses in the 2007, 2008 and 2009 tax returns. In May 2012 and December 2012, the Company filed petitions in the U.S. Tax Court challenging the 2005-2007 and 2009 Notices of Deficiency, respectively. In 2013, the Company reached a partial settlement with the IRS allowing ordinary loss treatment on \$186.9 million of deductions in dispute. In January 2015, the U.S. Tax Court granted the IRS’s motion for summary judgment upholding the remaining adjustments in the Notices of Deficiency. During 2015, the Company made payments to the IRS of \$61.0 million for federal tax payments and associated interest related to the matter. The Company believes that it has substantive tax law arguments in favor of its position. The Company filed a notice of appeal with the U.S. Tax Court on July 27, 2015 for an appeal to the U.S. Court of Appeals for the Fifth Circuit. Oral arguments were held before the Fifth Circuit on June 7, 2016, and on November 15, 2016, the Fifth Circuit vacated the Tax Court’s decision and remanded the case to the Tax Court for further proceedings. The Company filed a motion for summary judgment in the Tax Court on May 31, 2017. On August 23, 2017, the IRS filed a motion for summary judgment and its response to the Company’s motion for summary judgment. The Tax Court directed the parties to agree to a joint stipulation of facts, which the parties have filed with the court. Each party has filed a revised memorandum in support of its motion for summary judgment in the Tax Court. The Tax Court is expected to schedule oral argument on this matter in late 2019. Pending the outcome of the appeal, the Company may be required to file amended state returns and make additional cash payments of up to \$19.7 million on amounts that have previously been accrued.

ITEM 1A. RISK FACTORS

Except as set forth below, there have been no material changes in the Company’s risk factors from those described in the Company’s Annual Report on Form 10-K for the year ended December 31, 2018. For further information, refer to Part I, Item 1A, “*Risk Factors*,” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2018.

Our substantial debt service obligations, significant debt maturities, significant debt covenant requirements, low market capitalization and our credit rating could impair our access to capital and financial condition our ability to operate and grow our business.

We have substantial interest expense on our debt and our ratings are below “investment grade.” We also have significant debt maturities in June 2023 and June 2024. Our credit rating and our leverage result in us accessing capital markets that are subject to higher volatility and are costlier than those that support higher-rated companies. Since a significant portion of our cash flow from operations is dedicated to debt service, a reduction or interruption in cash flow could result in an event of default or significantly restrict our access to capital. There is no assurance that we will be able to comply with our debt covenants or obtain additional capital. Our sub-investment grade ratings also result in a cost of capital that may be higher than other companies with which we compete. Further, our debt is subject to floating interest rates. Interest rates are highly sensitive to many factors, including governmental monetary policies, domestic and international economic and political conditions and other factors beyond our control. Fluctuations in interest rates or changes in the terms of our debt or our inability to refinance our existing debt could have an adverse effect on our financial position and results of operations.

We are also subject to capital requirements imposed by various regulatory bodies throughout the world. We may need access to external capital to support these regulatory requirements in order to maintain our licenses and our ability to earn revenue in these jurisdictions. Our low market capitalization could limit our ability to access capital. An interruption of our access to capital could impair our ability to conduct business if our regulatory capital falls below requirements.

The issuance of shares of our common stock issuable upon exercise of outstanding warrants that were issued to our second lien lenders and Ripple Labs will dilute the ownership interest of our existing stockholders and could adversely affect the prevailing market price of our common stock.

In connection with the closing of the Second Lien Term Credit Facility, the Company issued Warrants representing the right to purchase 5,423,470 shares of our common stock (representing approximately 8% of the then-outstanding fully diluted common stock of the Company) to the lenders under the Second Lien Term Credit Facility. In addition, the Company sold a Warrant to Ripple Labs Inc. (“Ripple”) at a per share reference price of \$4.10 representing the right to purchase 1,706,151 shares of our common stock.

The exercise of some or all of the Warrants (including additional Warrants that may be issued to Ripple pursuant to the SPA with Ripple dated June 17, 2019) will dilute the ownership interests of existing stockholders. In addition, any sales in the public market of the common stock issuable upon such exercise or any anticipated sales upon exercise of the Warrants could adversely affect prevailing market prices of our common stock. These factors also could make it more difficult for us to raise funds through future offerings of common stock and could adversely impact the terms under which we could obtain additional equity capital. Following the occurrence of an exercise trigger for the Warrants, we have no control over whether or when the holders will exercise their Warrants.

ITEM 6. EXHIBITS

The following exhibits are filed or incorporated by reference herein in response to Item 601 of Regulation S-K. The Company files Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K pursuant to the Exchange Act under Commission File No. 1-31950.

Exhibit Number	Description
2.1†	Agreement and Plan of Merger, dated January 26, 2017, by and among MoneyGram International, Inc., Alipay (UK) Limited, Matrix Acquisition Corp. and, solely for purposes of certain specified provisions thereof, Alipay (Hong Kong) Holding Limited (Incorporated by reference from Exhibit 2.1 to Registrant's Current Report on Form 8-K filed January 26, 2017).
2.2†	First Amendment to the Agreement and Plan of Merger, dated April 15, 2017, by and among MoneyGram International, Inc., Alipay (UK) Limited, Matrix Acquisition Corp. and Alipay (Hong Kong) Holding Limited (Incorporated by reference from Exhibit 2.1 to Registrant's Current Report on Form 8-K filed April 17, 2017).
3.1	Amended and Restated Certificate of Incorporation of MoneyGram International, Inc., dated June 28, 2004 (Incorporated by reference from Exhibit 3.1 to Registrant's Annual Report on Form 10-K filed on March 15, 2010).
3.2	Certificate of Amendment of Amended and Restated Certificate of Incorporation of MoneyGram International, Inc., dated May 12, 2009 (Incorporated by reference from Exhibit 3.1 to Registrant's Annual Report on Form 10-K filed March 15, 2010).
3.3	Certificate of Amendment of Amended and Restated Certificate of Incorporation of MoneyGram International, Inc., dated May 18, 2011 (Incorporated by reference from Exhibit 3.1 to Registrant's Current Report on Form 8-K filed May 23, 2011).
3.4	Certificate of Amendment of Amended and Restated Certificate of Incorporation of MoneyGram International, Inc., dated November 14, 2011 (Incorporated by reference from Exhibit 3.1 to Registrant's Current Report on Form 8-K filed November 14, 2011).
3.5	Amended and Restated Bylaws of MoneyGram International, Inc., as amended and restated October 28, 2015 (Incorporated by reference from Exhibit 3.5 to Registrant's Quarterly Report on Form 10-Q filed on November 2, 2015).
3.6	Amendment to the Amended and Restated Bylaws of MoneyGram International, Inc., dated March 2, 2016 (Incorporated by reference from Exhibit 3.6 to Registrant's Annual Report on Form 10-K filed on March 2, 2016).
3.7	Amended and Restated Certificate of Designations, Preferences and Rights of Series D Participating Convertible Preferred Stock of MoneyGram International, Inc., dated May 18, 2011 (Incorporated by reference from Exhibit 3.2 to Registrant's Current Report on Form 8-K filed May 23, 2011).
10.1†	Securities Purchase Agreement, dated June 17, 2019, between MoneyGram International, Inc. and Ripple Labs Inc. (Incorporated by reference from Exhibit 10.1 to Registrant's Current Report on Form 8-K filed June 17, 2019).
10.2	Warrant Agreement, dated June 17, 2019, between MoneyGram International, Inc. and Ripple Labs Inc. (Incorporated by reference from Exhibit 10.2 to Registrant's Current Report on Form 8-K filed June 17, 2019).
10.3†	First Lien Credit Agreement, dated June 26, 2019, between MoneyGram International, Inc. and the Lenders Party Thereto (Incorporated by reference from Exhibit 10.1 to Registrant's Current Report on Form 8-K filed June 26, 2019).
10.4†	Second Lien Credit Agreement, dated June 26, 2019, between MoneyGram International, Inc. and the Lenders Party Thereto (Incorporated by reference from Exhibit 10.2 to Registrant's Current Report on Form 8-K filed June 26, 2019).
10.5	Warrant Agreement, dated June 26, 2019, between MoneyGram International, Inc. and Equiniti Trust Company (Incorporated by reference from Exhibit 10.3 to Registrant's Current Report on Form 8-K filed June 26, 2019).
10.6*	Form of Amended and Restated Severance Agreement
31.1*	Section 302 Certification of Chief Executive Officer
31.2*	Section 302 Certification of Chief Financial Officer
32.1**	Section 906 Certification of Chief Executive Officer
32.2**	Section 906 Certification of Chief Financial Officer
101*	The following materials from MoneyGram's Quarterly Report on Form 10-Q for the three and six months ended June 30, 2019, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Comprehensive Income (Loss), (iv) Condensed Consolidated Statements of Stockholders' Deficit, (v) Condensed Consolidated Statements of Cash Flows, and (vi) Notes to the Condensed Consolidated Financial Statements.
*	Filed herewith.
**	Furnished herewith.

† Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company hereby undertakes to furnish supplementally copies of any of the omitted schedules upon request by the SEC; provided, however, that the Company may request confidential treatment pursuant to Rule 24b-2 of the Exchange Act (“Rule 24b-2”) for any schedules so furnished.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MoneyGram International, Inc.
(Registrant)

August 2, 2019

By: /s/ JOHN D. STONEHAM
John D. Stoneham
Corporate Controller
(Principal Accounting Officer)

FORM AMENDED AND RESTATED SEVERANCE AGREEMENT

THIS AMENDED AND RESTATED SEVERANCE AGREEMENT (this “Agreement”), dated as of [_____] (the “Effective Date”), is made by and between MoneyGram International, Inc., a Delaware corporation (together with its parent companies, direct and indirect subsidiaries, successors and permitted assigns under this Agreement, the “Company”) and [_____] (“Executive”) and amends the Amended and Restated Severance Agreement, dated [_____] 2018, by and between the Company and Executive.

WHEREAS, the Company employs Executive as its [_____];

WHEREAS, Executive’s employment with the Company is at-will;

WHEREAS, the Company and Executive previously entered into a Severance Agreement, which was subsequently amended and restated (as amended and restated, the “Original Agreement”);

WHEREAS, the Company and Executive desire to amend the Original Agreement in certain respects and to accordingly enter into this Agreement to amend and replace the Original Agreement in its entirety as set forth herein, effective as of the Effective Date; and

WHEREAS, the Company desires to provide Executive additional protections in the event of certain terminations within the twenty-four (24)-month period following the consummation of a Change in Control (as defined below).

NOW, THEREFORE, in consideration of the promises and mutual covenants herein and for other good and valuable consideration, the receipt and sufficiency of which is mutually acknowledged, the parties agree as follows:

1. Definitions.

a. “Cause” shall mean (A) Executive’s willful refusal to carry out, in all material respects, the reasonable and lawful directions of the person or persons to whom the Executive reports or the Board that are within Executive’s control and consistent with Executive’s status with the Company and his or her duties and responsibilities hereunder (except for a failure that is attributable to Executive’s illness, injury or Disability) for a period of 10 days following written notice by the Company to Executive of such failure, (B) fraud or material dishonesty in the performance of Executive’s duties hereunder, (C) an act or acts on Executive’s part constituting (x) a felony under the laws of the United States or any state thereof, (y) a misdemeanor involving moral turpitude or (z) a material violation of federal or state securities laws, (D) an indictment of Executive for a felony under the laws of the United States or any state thereof, (E) Executive’s willful misconduct or gross negligence in connection with Executive’s duties which could reasonably be expected to be injurious in any material respect to the financial condition or business reputation of the Company as determined in good faith by the Board, (F) Executive’s material breach of the Company’s Code of Ethics, Always Honest policy or any other code of conduct in effect from time to time to the extent applicable to Executive, and which breach could reasonably be expected to have a material adverse effect on the Company as determined in good faith by the Board, or (G) Executive’s breach of the Employee Trade Secret,

Confidential Information and Post-Employment Restriction Agreement which breach has an adverse effect on the Company.

b. “Change in Control” shall mean (A) a sale, transfer or other conveyance or disposition, in any single transaction or series of transactions, of all or substantially all of the Company’s assets, (B) the transfer of more than 50% of the outstanding securities of the Company, calculated on a fully diluted basis, to an entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934 (the “Exchange Act”), or (C) the merger, consolidation reorganization, recapitalization or share exchange of the Company with another entity, in each case in clauses (B) and (C) above, under circumstances in which the holders of the voting power of the outstanding securities of the Company, as the case may be, immediately prior to such transaction, together with such holders’ affiliates and related parties, hold less than 50% in voting power of the outstanding securities of the Company or the surviving entity or resulting entity, as the case may be, immediately following such transaction; *provided, however*, that the issuance of securities by the Company shall not, in any event, constitute a Change in Control, and, for the avoidance of doubt, a sale or other transfer or series of transfers of all or any portion of the securities of the Company held by the investors and their affiliates and related parties shall not constitute a Change in Control unless such sale or transfer or series of transfers results in an entity or group (as defined in the Exchange Act) other than the investors and their affiliates and related parties holding more than 50% in voting power of the outstanding securities of the Company.

c. “Disability” shall exist if Executive becomes physically or mentally incapacitated and is therefore unable for a period of six (6) consecutive months or for an aggregate of nine (9) months in any twenty-four (24) consecutive month period to perform Executive’s duties. Any question as to the existence of the Disability of Executive as to which Executive and the Company cannot agree shall be determined in writing by a qualified independent physician mutually acceptable to Executive and the Company. If Executive and the Company cannot agree as to a qualified independent physician, each shall appoint such a physician and those two physicians shall select a third who shall make such determination in writing. The determination of Disability made in writing to the Company and Executive shall be final and conclusive for all purposes of this Agreement.

d. “Good Reason” shall mean (A) a material reduction in the Participant’s position or responsibilities, excluding for this purpose an isolated, insubstantial or inadvertent action not taken in bad faith; (B) a material reduction in the Participant’s base salary or target bonus opportunity, if any, except in connection with an across-the-board reduction of not more than 10% applicable to similarly situated employees of the Company, or (C) the reassignment, without the Participant’s consent, of the Participant’s place of work to a location more than 50 miles from the Participant’s place of work on the Effective Date; provided that none of the events described in clauses (A), (B) and (C) shall constitute Good Reason hereunder unless (x) the Participant shall have given written notice to the Company of the Participant’s intent to terminate his employment with Good Reason within sixty (60) days following the occurrence of any such event and (y) the Company shall have failed to remedy such event within thirty (30) days of the Company’s receipt of such notice.

2. At-Will Employment. Executive's employment is at-will and may be terminated by either Executive or Company at any time and for any reason.

3. Termination by the Company without Cause. If at any time on or after the first anniversary of the date Executive first became an employee of the Company Executive's employment is terminated by the Company without Cause (other than by reason of death or Disability), Executive shall be entitled to receive the following payments, each of which shall at all times be made so as to satisfy the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"):

a. Salary Severance. A sum equal to Executive's then current monthly base salary multiplied by twelve, which, subject to Section 6 hereof, shall be payable in equal monthly installments on the last day of each month over the twelve month period following the date of termination of employment and in accordance with the Company's normal payroll practices in effect as of the date of Executive's termination of employment; and

b. Bonus Severance. Provided that the Company actually achieves the performance goals for the applicable performance period necessary for participants in the Company's Performance Bonus Plan or any successor plan (the "Bonus Plan") to receive cash bonuses pursuant to the Bonus Plan with respect to such performance period and that such cash bonuses are actually paid, a sum equal to a pro rata portion (based on the period between the beginning of the applicable performance period and the date of termination of Executive's employment) of Executive's cash bonus (up to Executive's cash bonus at target level) under the Bonus Plan payable for the year in which the termination of employment occurs, which, subject to Section 6 hereof, shall be paid in a lump sum payable when such cash bonus under the Bonus Plan is regularly paid to other Bonus Plan participants for such year, and which amount shall in no event exceed a pro rata portion of Executive's annual target incentive opportunity for such year under the Bonus Plan.

4. Termination without Cause or for Good Reason following a Change in Control. Notwithstanding anything to the contrary herein, if, within the 24-month period commencing on and immediately following the consummation of a Change in Control, Executive's employment is terminated by the Company without Cause (other than by reason of death or Disability) or by Executive for Good Reason, Executive shall be entitled to receive the following payments, each of which shall at all times be made so as to satisfy the requirements of Section 409A of the Code:

a. Salary Severance. A sum equal to Executive's then current monthly base salary multiplied by twelve, which, subject to Section 6 hereof, shall be payable in equal monthly installments on the last day of each month over the twelve month period following the date of termination of employment and in accordance with the Company's normal payroll practices in effect as of the date of Executive's termination of employment;

b. Bonus Severance. Provided that the Company actually achieves the performance goals for the applicable performance period necessary for participants in the Bonus Plan to receive cash bonuses pursuant to the Bonus Plan with respect to such performance period and that such cash bonuses are actually paid, a sum equal to a pro rata portion (based on the

period between the beginning of the applicable performance period and the date of termination of Executive's employment) of Executive's cash bonus (up to Executive's cash bonus at target level) under the Bonus Plan payable for the year in which the termination of employment occurs, which, subject to Section 6 hereof, shall be paid in a lump sum payable when such cash bonus under the Bonus Plan is regularly paid to other Bonus Plan participants for such year, and which amount shall in no event exceed a pro rata portion of Executive's annual target incentive opportunity for such year under the Bonus Plan;

c. Incentive Awards. Each restricted stock unit award and long-term performance-based cash award (including any replacement or continuation awards or awards into which any such awards are converted into upon or otherwise in connection with the Change in Control) held by Executive on the date of termination shall become immediately vested in full on the date of termination (at 100% of the applicable target level, in the case of any award then subject to performance-based vesting criteria if termination occurs on or prior to the last day of the performance period).

5. Miscellaneous.

a. Acknowledgement. Executive acknowledges and agrees that Executive shall not be entitled to any payment or other benefit pursuant to this Agreement in the event Company terminates Executive's employment for Cause or, other than as provided in Section 4 hereof, in the event Executive resigns his or her employment for any reason or in the event of Executive's death or Disability. For the avoidance of doubt, in the event Executive's employment is terminated under the circumstances described in Section 4, Executive shall be entitled to receive the greater of the payments and benefits provided under Section 4 or under Section 3 (but shall not be entitled to receive payments and benefits under both provisions).

b. Release. Executive acknowledges and agrees that as a condition precedent to receiving any payments pursuant to this Amended and Restated Severance Agreement, Executive shall have executed, within twenty-one (21) days, or if required for an effective release, forty-five (45) days, following Executive's termination of employment, a waiver and release substantially in the form attached hereto as Exhibit A and the applicable revocation period set forth in such release shall have expired.

c. No Duplication. Executive acknowledges and agrees that Executive shall not be entitled to receive any separation payments under any other Company severance or similar policies.

d. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, without regard to conflicts of laws principles thereof, to the extent Texas laws are not preempted by the Employee Retirement Income Security Act of 1974.

e. Entire Agreement/Amendments. This Agreement and the other agreements, plans and documents referenced herein contain the entire understanding of the parties with respect to the provision of any severance rights, payments or benefits by Company to Executive. Without limiting the scope of the preceding sentence, this Agreement shall

supersede and replace the Original Agreement, and the Original Agreement is hereby null and void and of no further force and effect. If any provision of any agreement, plan, program, policy, arrangement or other written document between or relating to the Company and Executive conflicts with any provision of this Agreement, the provision of this Agreement shall control and prevail. This Agreement may not be altered, modified, or amended except by written instrument signed by the parties hereto.

f. No Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

g. Severability. In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

h. Survivorship. The respective rights and obligations of the parties hereunder shall survive any termination of Executive's employment to the extent necessary to preserve such rights and obligations.

i. Successors; Binding Agreement. This Agreement shall inure to the benefit of and be binding upon personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

j. Notice. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand or overnight courier or three days after it has been mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below in this Agreement, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

If to the Company:

MoneyGram International, Inc.
2828 N. Harwood, 15th Floor
Dallas, Texas 75201
Attention: Chairman of the Human Resources and Nominating Committee of the Board

If to Executive:

To the most recent address of Executive set forth in the personnel records of the Company.

k. Withholding Taxes. The Company may withhold from any amounts payable under this Agreement such federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

l. Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

m. Offset. The Company may set off against, and the Executive authorizes the Company to deduct from, any payments due to the Executive, or to his estate, heirs, legal representatives, or successors, any amounts which may be due and owing to the Company by the Executive, whether arising under this Agreement or otherwise; provided that no such offset may be made with respect to amounts payable that are subject to the requirements of Section 409A of the Code unless the offset would not result in a violation of the requirements of Section 409A of the Code.

n. Limitation on Rights Conferred. Neither the Agreement nor any action taken hereunder will be construed as (i) giving the Executive the right to continue in the employ or service of the Company; (ii) interfering in any way with the right of the Company to terminate the Executive's employment or service at any time; or (iii) giving the Executive any claim to be treated uniformly with other employees.

o. Unfunded Obligation. All benefits due to the Executive under this Agreement are unfunded and unsecured and are payable out of the general funds of the Company.

6. Code Section 409A.

a. The parties agree that this Agreement shall be interpreted to comply with or be exempt from Section 409A of the Code and the regulations and guidance promulgated thereunder to the extent applicable (collectively "Code Section 409A"), and all provisions of this Agreement shall be construed in a manner consistent with the requirements for avoiding taxes or penalties under Code Section 409A. In no event whatsoever will the Company be liable for any additional tax, interest or penalties that may be imposed on Executive under Code Section 409A or any damages for failing to comply with Code Section 409A.

b. A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits subject to Code Section 409A upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Code Section 409A and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service." If Executive is deemed on the date of termination to be a "specified employee" within the meaning of that term under Code Section 409A(a)(2)(B), then with regard to any payment or the provision of any benefit that is otherwise considered deferred compensation under Code Section 409A payable on account of a "separation from service," such payment or benefit shall be made or provided at the date which is the earlier of (i) the expiration of the six (6)-month period measured from the date of such "separation from service" of Executive, and (ii) the date of Executive's death (the "Delay Period"). Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section 6(b) shall be paid or reimbursed to Executive in a lump sum, and any remaining

payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

c. Notwithstanding anything to the contrary contained in this Agreement, all reimbursements for costs and expenses under this Agreement shall be paid in no event later than the end of the calendar year following the calendar year in which Executive incurs such expense. With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Code Section 409A, (i) all such expenses or reimbursements shall be made in any event on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by Executive, (ii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (iii) the amount of expenses eligible for reimbursements or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year, provided, however, that the foregoing clause (iii) shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect.

d. For purposes of Code Section 409A, Executive's right to receive any installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

MONEYGRAM INTERNATIONAL, INC.

By: _____

Title: _____

EXECUTIVE

Signature: _____

[SIGNATURE PAGE TO THE AMENDED AND RESTATED SEVERANCE AGREEMENT
BETWEEN THE ABOVE-REFERENCED PARTIES]

Exhibit A

RELEASE

This RELEASE ("Release") is dated as of _____ between MoneyGram International, Inc., a Delaware corporation (together with its parent companies, direct and indirect subsidiaries, successors and assigns, the "Company"), and [_____] ("Executive").

WHEREAS, the Company and Executive previously entered into the Amended and Restated Severance Agreement dated [_____] 20[___] (the "Severance Agreement"); and

WHEREAS, Executive's employment with the Company (has been) (will be) terminated effective [_____]; and

WHEREAS, pursuant to the Severance Agreement, Executive is entitled to certain compensation and benefits upon such termination, contingent upon the execution of this Release;

NOW, THEREFORE, in consideration of the premises and mutual agreements contained herein and in the Severance Agreement, to which Executive understands and acknowledges he or she may not otherwise be entitled without executing this Release, the Company and Executive agree as follows:

1. Executive, on his or her own behalf and on behalf of his or her heirs, estate and beneficiaries, hereby releases and forever discharges the Company, its parent companies, predecessors, successors, affiliates, subsidiaries, related companies, shareholders, and their respective members, managers, partners, employees, officers, agents, and directors (individually a "Released Party" and collectively the "Released Parties") from the following:

- a. All claims arising out of or relating to Executive's employment with the Company and/or Executive's separation from that employment.
- b. All claims arising out of or relating to the statements, actions, or omissions of the Released Parties.
- c. All claims under any state or federal law that provides civil remedies for the enforcement of rights arising out of the employment relationship, including, without limitation, discrimination, harassment, retaliation or reprisal claims or causes of action under Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. § 2000 et seq.; Civil Rights Act of 1866, 42 U.S.C. § 1981; Civil Rights Act of 1991, 42 U.S.C. § 1981a; Age Discrimination in Employment Act of 1967, 29 U.S.C. § 621, et seq.; Americans with Disabilities Act, 42 U.S.C. § 12101 et seq.; Fair Labor Standards Act, 29 U.S.C. § 201, et seq.; Employee Retirement Income Security Act, 29 U.S.C. § 1000 et seq.; Family and Medical Leave Act, 29 U.S.C. § 2601, et seq.; Worker Adjustment Retraining and Notification Act, 29 U.S.C. § 2101, et seq.; the Texas Commission on Human Rights Act, the Texas Labor Code (specifically including Chapters 21, 61 and 451), or any other federal or state statute prohibiting discrimination in employment or granting rights to an individual arising out of an employment relationship.

- d. All claims for alleged wrongful discharge; breach of contract; breach of implied contract; failure to keep any promise; breach of a covenant of good faith and fair dealing; breach of fiduciary duty; promissory estoppel; Executive's activities, if any, as a "whistleblower"; defamation; infliction of emotional distress; fraud; misrepresentation; negligence; harassment; retaliation or reprisal; constructive discharge; assault; battery; false imprisonment; invasion of privacy; interference with contractual or business relationships; any other wrongful employment practices; and violation of any other principle of common law.
- e. All claims for compensation of any kind, including without limitation, commission payments, bonus payments, vacation pay, expense reimbursements, reimbursement for health and welfare benefits, and perquisites.
- f. All claims for back pay, front pay, reinstatement, other equitable relief, compensatory damages, damages for alleged personal injury, liquidated damages, and punitive damages.
- g. All claims for attorneys' fees, costs, and interest.

2. The Company acknowledges and agrees that Executive does not release any claims that the law does not allow to be waived by private agreement.

3. Executive acknowledges and agrees that even though claims and facts in addition to those now known or believed by him or her to exist may subsequently be discovered, it is his or her intention to fully settle and release all claims he or she may have against the Company and the persons and entities described above, whether known, unknown or suspected.

4. Executive agrees to cooperate in good faith with and provide reasonable assistance to the Company, upon its reasonable request, with respect to the defense or prosecution of any litigation, investigation or other legal proceeding involving the Company or any other Released Parties. The Company shall reimburse any reasonable expenses incurred by Executive as a consequence of complying with Executive's obligations under this Section 4, provided that such expenses are approved in advance by the Company.

5. Executive agrees to refrain from making any statements (or permitting any statements to be reported as being attributed to Executive) that are critical, disparaging or derogatory about, or which injure the reputation of, the Company or any other Released Party. Notwithstanding the foregoing, nothing in this Release is intended to prohibit Executive from providing truthful information as part of a proceeding by any duly authorized governmental agency, arbitration panel, or court, or making any other statements authorized by law.

6. Executive relinquishes any right to future employment with the Company and the Company shall have the right to refuse to re-employ Executive, in each case without liability of Executive or the Company.

7. Executive reaffirms his or her agreement to the Employee Trade Secret, Confidential Information and Post-Employment Restriction Agreement, which Executive acknowledges and agrees is valid and enforceable in all respects, and to which Executive is a party.

8. Executive acknowledges that he or she has been provided at least twenty-one (21) days to review the Release and has been advised to review it with an attorney of his or her choice and at his or her own expense. In the event Executive elects to sign this Release Agreement prior to this twenty-one (21) day period, he or she agrees that it is a knowing and voluntary waiver of his or her right to wait the full twenty-one (21) days. Executive further understands that he or she has seven (7) days after the signing hereof to revoke it by so notifying the Company in writing, such notice to be received by [] within the seven (7) day period. Executive further acknowledges that he or she has carefully read this Release, knows and understands its contents and its binding legal effect. Executive acknowledges that by signing this Release, he or she does so of his or her own free will and act and that it is his or her intention that he or she be legally bound by its terms. Executive acknowledges that in deciding whether to sign this Release, he or she has not relied upon any statements made by the Company or its agents. Executive further acknowledges that he or she has not relied on any legal, tax or accounting advice from the Company or its agents in deciding whether to sign this Release.

9. This Release shall be construed and enforced in accordance with, and governed by, the laws of the State of Texas, without regard to principles of conflict of laws. If any clause of this Release should ever be determined to be unenforceable, it is agreed that this will not affect the enforceability of any other clause or the remainder of this Release.

IN WITNESS WHEREOF, the parties have executed this Release on the date first above written.

MONEYGRAM INTERNATIONAL, INC.

By: _____
Name: _____
Title: _____

**Certification Pursuant to Section 302 of the
Sarbanes-Oxley Act of 2002**

I, W. Alexander Holmes, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MoneyGram International, Inc. for the period ended June 30, 2019;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2019

/s/ W. Alexander Holmes

W. Alexander Holmes
Chairman and Chief Executive Officer
(Principal Executive Officer)

**Certification Pursuant to Section 302 of the
Sarbanes-Oxley Act of 2002**

I, Lawrence Angelilli, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MoneyGram International, Inc. for the period ended June 30, 2019;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2019

/s/ Lawrence Angelilli

Lawrence Angelilli
Chief Financial Officer
(Principal Financial Officer)

**Certification Pursuant to 18 U.S.C. §1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q (the "Report") of MoneyGram International, Inc. (the "Company") for the period ended June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof, I, W. Alexander Holmes, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 2, 2019

/s/ W. Alexander Holmes

W. Alexander Holmes
Chairman and Chief Executive Officer
(Principal Executive Officer)

**Certification Pursuant to 18 U.S.C. §1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q (the "Report") of MoneyGram International, Inc. (the "Company") for the period ended June 30, 2019, as filed with the Securities and Exchange Commission on the date hereof, I, Lawrence Angelilli, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 2, 2019

/s/ Lawrence Angelilli

Lawrence Angelilli

Chief Financial Officer

(Principal Financial Officer)